

Section 9.13 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 9.14 - Regulations: The Port, its Executive Director, or the Executive Director's designee, may, from time to time, adopt and enforce rules and regulations with respect to the use of the Premises and/or use of the PSY, which Lessee agrees to observe and obey.

Section 9.15 - Partial Invalidity: If any provision of this Lease or the application thereof to any person or circumstance is at any time or to any extent, held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 9.16 - Survival: All agreements (including, but not limited to, indemnification agreements) set forth in this Lease, the full performance of which are not required prior to the expiration or earlier termination of this Lease, and all covenants which by their terms are to survive, shall survive the expiration or earlier termination of this Lease and be fully enforceable thereafter.

Section 9.17 - Entire Agreement: It is understood and agreed that this instrument contains the entire Agreement between the parties hereto. It is further understood and agreed by the Lessee that the Port and the Port's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except as in this Agreement expressly set forth, and that no claim or liability or cause for termination shall be asserted by Lessee against the Port for, and the Port shall not be liable by reason of, the

breach of any representations or promises not expressly stated in this Agreement, any other oral agreement with the Port being expressly waived by the Lessee.

IN WITNESS HEREOF, the parties hereto have subscribed their names hereto the year and date first written above.

CERTIFIED ASBESTOS ABATERS, INC.

By

Hugo J. Osterhaus

Printed Name Hugo J. Osterhaus

Title Chief Executive Officer

THE PORT OF PORTLAND

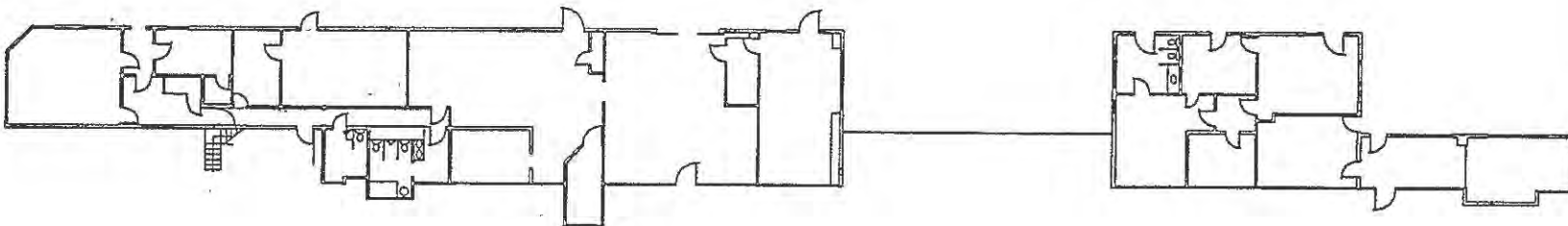
By

John Khoo
Executive Director

APPROVED AS TO LEGAL
SUFFICIENCY:

Jon
Counsel for The Port of Portland

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08/25/94



PORTLAND SHIP REPAIR YARD
BUILDING 4 OFFICES
FIRST & SECOND FLOOR LEASE PLANS

12-18-90

BL40F ICE.CAD 1/1

EXHIBIT A

PSY100003423

LEASE AMENDMENT NO. 1

That Lease of Improved Space dated July 18, 1990 (Port Contract No. 90-202) ("Original Lease") between the Port of Portland ("Port") and Diamond K, Inc. ("Lessee") is hereby amended as of the date shown below as follows:

I.

The first sentence of Article I, Section 1.1 of the Original Lease shall be modified as follows:

Section 1.1 - Agreement to Lease: The Port hereby leases to Lessee, and Lessee leases from the Port on the terms and conditions stated herein, the Premises consisting of 540 square feet of ground floor office space in Building 80 and one parking space, as shown on Exhibit A-1, attached hereto and made a part hereof, and any existing Improvements thereon, and appurtenances thereto, (hereinafter referred to as "Premises").

II.

The first sentence of Article III, Section 3.1 of the Original Lease shall be modified as follows:

Section 3.1 - Basic Rent: The Lessee shall pay, in advance, to the Port as rent the sum of \$309.00 per month, based upon the following: 540 square feet of office space at \$.55 per square foot per month and one parking space at \$12.00 per space per month plus monthly utility charges as shown on Exhibit B.

III.

Exhibit A-2 attached to the Original Lease is hereby deleted in its entirety.

IV.

This Amendment No. 1 shall be effective August 1, 1995.

Except as modified herein, the Original Lease shall remain in full force and effect.

IN WITNESS WHEREOF, the parties have executed this Amendment No. 1

this 18th day of August, 1995.

DIAMOND K, INC.

By H.M. Twobell
Print Name H.M. TWOBELL
Title President

THE PORT OF PORTLAND

By Mike Thorne
Mike Thorne
Executive Director

Approved as to Legal Sufficiency:

By [Signature]
Counsel for the Port of Portland

MONTH-TO-MONTH

LEASE OF IMPROVED SPACE BETWEEN

THE PORT OF PORTLAND

AND

DIAMOND K, INC.

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MONTH-TO-MONTH
LEASE OF IMPROVED SPACE

THIS LEASE, dated this 18th day of July, 1990, is entered into by and between THE PORT OF PORTLAND, a port district of the State of Oregon (hereinafter referred to as "Port"), and DIAMOND K, INC., a corporation organized under the laws of the State of Oregon (hereinafter referred to as "Lessee"), for lease of certain described Premises located at the Portland Ship Repair Yard, Swan Island ("PSRY").

ARTICLE I. - AGREEMENT TO LEASE, DESCRIPTION OF PREMISES

Section 1.1 - Agreement to Lease: The Port hereby leases to Lessee, and Lessee leases from the Port on the terms and conditions stated herein, the Premises consisting of 540 square feet of ground floor office space in Building 80, one parking space, and 6,000 square feet of yard space located across from Building 4 Bay 8, shown on Exhibit Nos. A-1 and A-2, attached hereto and made a part hereof, and any existing Improvements thereon, and appurtenances thereto, (hereinafter referred to as "Premises"). Upon construction or installation of any Improvements, additions, or changes to Improvements in, under, or upon the Premises (collectively "Improvements"), such Improvement(s) shall become a part of the Premises unless otherwise stated herein.

Section 1.2 - Appurtenant Rights: In addition to any appurtenant rights permitted by law, the Lessee shall, during the term hereof, have the appurtenant rights specified herein. The Lessee, its employees, agents, patrons, invitees, and suppliers of materials or services shall have the right to use, in common with others, all areas within the PSRY which have been designated by the Port as common roadways or otherwise designated for common usage, subject to the rules and regulations adopted by the Port from time to time regulating such use.

Section 1.3 - Use of Premises: The Lessee shall use the Premises only for the following purpose(s): offices in support of Lessee's surface preparation and painting business, parking for Lessee's employee vehicles and yard space for storage of Lessee's equipment. No hazardous substances as defined in Section 6.3 herein shall be treated or disposed of on the Premises. Hazardous substances stored by Lessee shall be limited to those used in the day to day operations of Lessee's operations. No sandblasting or spray painting shall be permitted on the Premises. No other use may be made of the Premises without the prior written consent of the Port.

1.3.1 The Port shall have the option, but shall not be required to, request the Lessee to provide the Port with a list of all materials and activities which are or foreseeably will occur on the Premises which might constitute an environmental liability. Under no circumstances shall the Port be liable for failure to request or update said list.

1.3.2 Lessee shall not cause or permit any conduct on the Premises that would cause the Premises, or any part thereof, to be deemed a

hazardous waste treatment, storage or disposal facility requiring a permit, interim status or any other special authorization under RCRA or any other Environmental Law as described in Section 6.2.1

1.3.3 In no event shall Lessee store, handle, transport, dispose, or treat any Hazardous Substances on the Premise which are generated by or from cleanup, removal, remediation, operations or activities from third party sources outside PSRY.

1.3.4 In no event shall the Lessee ever permanently or temporarily store the following product categories without the Port's prior written approval, except as specifically authorized by federal, state, or local Environmental Law or regulation:

1. PCBs, PCB contaminated materials, and spill residues containing PCBs.
2. Asbestos, asbestos-contaminated materials, and spill residues containing asbestos.
3. Radioactive materials (as defined by state, federal, and local regulations including but not limited to United States Department of Transportation (US D.O.T.) classifications, and restrictions as defined in OAR Chapter 333, Division 100-005 (51) or as defined by Oregon Health Division.
4. Explosive materials and flammable solids (US D.O.T. Classification).

5. Poison Gasses (Poison A, US D.O.T. classification).
6. Reactive materials (Defined by RCRA characteristic or reactivity).
7. Medical, biological, or infectious waste.

1.3.5 Lessee shall at all times exercise due care in connection with the handling of Hazardous Substances on the Premises and shall not cause or permit Hazardous Substances to be spilled, leaked, disposed of, treated, or otherwise released on the Premises.

1.3.6 Before commencing the use, generation, accumulation, storage, treatment, or other handling of Hazardous Substances on the Premises, Lessee shall provide the Port with copies of all necessary permits, authorizations and notices required by any Environmental Law as described in Section 6.2.1 herein, with respect to such activities. Lessee shall at all times comply with all Environmental Laws as defined in Section 6.2.1 herein, applicable to the Premises or to the Lessee's activities on the Premises.

1.3.7 The Lessee shall not in any manner deface or injure the Premises or any portion thereof; or overload the floors; or permit anything to be done upon the Premises which would cause an increase in the Fire Insurance rating to the Building; or commit any nuisance in or about the Premises; or to use or permit the use of the Premises for lodging or sleeping purposes.

ARTICLE II. - TERM

Section 2.1 - Term: This Lease shall be on a month-to-month basis commencing on July 1, 1990, and shall be automatically renewed unless the Lease is terminated by either party upon thirty days written notice or otherwise terminated under the provisions herein.

ARTICLE III. - RENTAL

Section 3.1 - Basic Rent: The Lessee shall pay, in advance, to the Port as rent the sum of \$669.00 per month based upon the following: 540 square feet of office space at \$0.55 per square foot per month, 6,000 square feet of yard space at \$0.06 per square foot per month, and two parking spaces at \$12.00 per space per month plus monthly utility charges as shown on Exhibit B.

Section 3.2 - Time and Place of Payments: Payments are due on the first day of each month and delinquent if not paid by the (10th) day of each month. In the event the Lease commences after the first day of a month, the Basic Rent for the first month shall be prorated based on the number of days in the first partial calendar month.

3.2.1 Payment shall be to the Port at The Port of Portland, Post Office Box 5095, Portland, Oregon 97208, or such other place as the Port may designate. All amounts not paid by the Lessee when due shall bear a delinquency charge at the rate of 18% per annum. The delinquency charge on overdue accounts is subject to periodic adjustment to reflect the Port's then current charge for overdue accounts.

Section 3.3 - Acceptance of Late Rent: The Port shall be entitled, at its sole and complete discretion, to either accept or reject a tender payment of Basic Rent or Additional Rent which is not paid when due. In the event the Port elects to accept a tender of payment of rent after the time when such payment was due, the Port may do so without thereby waiving any default based upon the failure of Lessee to make such payment when due and without waiving Lessee's continuing obligation to make such payments when required under the terms of this Lease. Lessee hereby acknowledges that this constitutes a waiver by Lessee of any argument that by accepting a late payment of rent, the Port has waived any default which is based upon such late payment or has waived Lessee's continuing obligation to make such payments when and as required by the terms of this Lease.

ARTICLE IV. - LESSEE'S OTHER OBLIGATIONS

Section 4.1 - Construction of Improvements/Alterations: The Lessee shall make no installations, alterations, modifications or additions to the Premises or Improvements without first obtaining the written consent of the Port. All plans and specifications for construction, alteration, or changes shall be submitted to the Port prior to construction or installation for review and approval by the Port. Approval by the Port shall not be construed as certification or representation as to the engineering integrity of the drawings in any regard.

4.1.1 No alteration, modification, installations or additions shall be undertaken until Lessee has procured and paid for, so far as the same may be required from time to time, all municipal and other governmental permits and authorizations required with respect to the work. Procurement of such permits and authorizations shall be subsequent to lessee's obtaining Port approval pursuant to Section 4.1.

4.1.2 All work shall be performed in a good and workmanlike manner and, in the case of alterations or additions to existing Improvements, shall be of such quality and type that, when completed, the value and utility of the Improvements which were changed or altered shall be not less than the value and utility of such Improvements immediately before such change or alteration. All work shall be prosecuted with reasonable dispatch.

4.1.3 Thirty days after the completion of any work under this Section 4.1, Lessee shall deliver to the Port complete and fully detailed "AS-BUILT" drawings of the completed Improvements.

Section 4.2 - Maintenance: Except for the Port maintenance responsibilities provided in Section 5.1 herein, the Lessee shall keep and maintain the Premises and Improvements of any kind, which may be erected, installed, or made thereon by the Lessee or the Port, in good and substantial repair and condition and shall promptly make all necessary repairs thereto at Lessee's sole expense. Lessee shall be responsible at its own cost and expense for the maintenance of the interior of the Premises and Improvements including, but not limited to, water and sewer lines, plumbing fixtures, electric lines and fixtures, flooring, partitions, walls, and ceilings. Lessee shall also be responsible for maintenance of the exterior doors and windows. The Lessee shall provide at, the Lessee's expense, proper containers and removal service for trash and garbage and shall keep the Premises free and clear of rubbish, debris, and litter at all times.

Section 4.3 - Taxes: Unless exempt, the Lessee agrees to pay all taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the state, county, city, or any other tax-levying body upon the Premises or Improvements or upon any taxable interest by the Lessee may have in or to the Premise or the Improvements thereon by reason of its occupancy thereof, as well as all taxes on all taxable property, real or personal, owned by the Lessee in or about said Premises. Upon making such payments, the Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. The Lessee understands that if the term of this Lease or any extension thereof

shall end after June 30 of any year, the Lessee shall be responsible for payment of property taxes for the entire tax year without proration.

Section 4.4 - Liens: The Lessee agrees to pay, when due, all sums of money that may become due for, any labor, services, materials, supplies, utilities, furnishings, machinery, or equipment which have been furnished or ordered with the Lessee's consent to be furnished to or for the Lessee in, upon, or about the Premises or Improvements, which may be secured by any mechanic's, materialsmen's, or other lien against the Premises or Improvements or the Port's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Lessee may in good faith contest any mechanic's or other liens filed or established, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest, provided that the Port may require the Lessee to procure a payment bond in the amount of the contested lien.

Section 4.5 - Utilities: The Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the Premises or Improvements at the request of the Lessee, including any and all connection fees and impervious surface fees charged by the City of Portland. The utilities which may be provided by the Port and the applicable rates are shown on Exhibit B, attached hereto. In no event shall the Lessee overload the electrical circuits from which the Lessee obtains current.

Section 4.6 - Advertisement Signs: Subject to the provisions hereof, the Lessee shall have the right to install or cause to be installed appropriate signs on the Premises to advertise the nature of its business. The cost for installation and operation of such signs shall be borne by the Lessee. The Lessee shall not erect, install, nor permit to be erected, installed or operated upon the Premises herein any sign or other advertising device without having first obtained the Port's written consent thereto as to size, construction, location, and general appearance and then all applicable governmental approvals. All such installations shall be in accordance with the Portland Ship Repair Yard Signing Standards as adopted by the Port from time to time.

Section 4.7 - Safety Requirements:

4.7.1 The Lessee shall conduct its operations, activities and duties under this Lease in a safe manner, and shall comply with all safety standards imposed by applicable federal, state and local laws and regulations. The Lessee shall require the observance of the foregoing by all subcontractors and all other persons transacting business with or for the Lessee in any way connected with the conduct of the Lessee pursuant to this Lease.

4.7.2 The Lessee shall exercise due and reasonable care and caution to prevent and control fire on the Premises and to that end shall provide and maintain such fire suppression and other fire protection equipment as may be required pursuant to applicable governmental laws, ordinances, statutes and codes for the purpose of protecting the

Improvements adequately and restricting the spread of any fire from the Premises to any property adjacent to the Premises.

Section 4.8 - Access to Premises: Except as provided in Section 4.8.1, the Port shall at all times during ordinary business hours have the right to enter upon the Premises and Improvements for the purposes of: (1) inspecting the same; (2) confirming the performance by Lessee of its obligations under this Lease; (3) doing any other act which the Port may be obligated or have the right to perform under this Lease, or reasonably related thereto; and (4) for any other lawful purpose. Such inspections shall be made only at a mutually agreeable time to all parties except in cases of emergency or pursuant to Section 4.8.1.

4.8.1 Environmental Inspection: The Port reserves the right to inspect the Lessee's and Lessee's subtenants' management of Hazardous Substances, as defined in Section 6.3, on the Premises at any time and from time to time without notice to the Lessee or subtenant. If the Port at any time during the term of this Lease or any extension thereof has reason to believe that the Lessee or Lessee's subtenant(s) are managing Hazardous Substances in a manner that may allow contamination of any portion of the Premises, the Port may require the Lessee to furnish to the Port, at the Lessee's sole expense, an environmental audit or an environmental assessment with respect to the matters of concern to the Port. The Port shall have the right to approve the company or individual conducting said audit and the audit procedures and shall be given an original copy of the results. The Port shall have the right to request and receive information with respect to use of Hazardous Substances on the

Premises in writing from any subtenants and other occupants of the Premises. Lessee shall cooperate with all such requests.

Section 4.9 - Hazardous Substances Spills and Releases: Lessee shall immediately notify the Port upon becoming aware of: (1) any leak, spill, release or disposal of a Hazardous Substance, as defined in Section 6.3, on, under or adjacent to the Premises or threat of or reasonable suspicion of any of the same; and/or (2) any notice or communication from a governmental agency or any other person directed to the Lessee or any other person relating to such Hazardous Substances on, under, or adjacent to the Premises or any violation of any Environmental Law as defined in Section 6.3 with respect to the Premises or activities on the Premises.

4.9.1 In the event of a leak, spill or release of a Hazardous Substance on the Premises or the threat of or reasonable suspicion of the same, Lessee shall immediately undertake all emergency response necessary to contain, clean up and remove the Hazardous Substance and shall undertake within a reasonable time all investigatory, remedial and/or removal action necessary or appropriate to ensure that any contamination by the Hazardous Substances is eliminated. The Port shall have the right to approve all investigatory, remedial and removal procedures and the company(ies) and/or individual(s) conducting said procedures. Within 30 days following completion of such investigatory, remedial and/or removal action, Lessee shall provide the Port with a certification acceptable to the Port that all such contamination has been eliminated.

ARTICLE V. - PORT OBLIGATIONS AND WARRANTIES

Section 5.1 - Maintenance: Except for Lessee's maintenance obligations as described in Section 4.2 and Lessee's obligations to repair damage caused by its activities on the Premises, the Port shall be responsible for maintenance of the exterior walls and roof areas of the Premises, and maintenance of the exterior utility systems to the service connection points inside the Premises. Any and all maintenance and repair work not specifically described herein as the responsibility of the Port shall be the responsibility of the Lessee.

Section 5.2 - Delivery:

5.2.1 In the event the Port is unable to deliver possession of the Premises on the date fixed for commencement of the term, the Lessee shall owe no rent until notice from the Port tendering possession to the Lessee. The Port shall have no liability to the Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

5.2.2 In the event the Port shall permit the Lessee to occupy the Premises prior to the occupancy date herein set forth, such occupancy shall be subject to all the provisions of this Lease.

Section 5.3 - Port's Warranty of Ownership: The Port warrants that it is the owner of the land and building and has the right to lease said

Premises under the terms of this Lease. Subject to the Lessee performing all obligations of this Lease, the Lessee's possession of the Premises will not be disturbed by the Port or anyone lawfully claiming by, through or under the Port and the Port will defend the Lessee's right to quiet enjoyment of the Premises from disturbance by anyone lawfully claiming by, through or under the Port.

Section 5.4 - Condition of Premises: The Port makes no warranties or representations regarding the condition or available lawful uses of the Premises. The Lessee has inspected and accepts the Premises in an "as is" condition upon taking possession, and the Port shall have no liability to the Lessee for any loss, damage, injury, or costs caused by the condition or available lawful uses of the Premises.

ARTICLE VI. - LIABILITY, INDEMNITY, INSURANCE, DAMAGE AND DESTRUCTION

Section 6.1 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from the negligence of the Port. Lessee understands that the Premises are located within a ship repair yard where large vessels are repaired, sandblasted, and spray painted and such activities may create noise, odors, dusts, paint oversprays and sandblast grit. Lessee acknowledges these risks,

assumes the risks for damages caused by such risks, and releases the Port from liability therefore.

Section 6.2 - General Indemnity: The Port shall not in any event be liable for any injury to any person or damage to any property occurring on or about the Premises, unless such injury or damage results from the wilful acts or gross negligence of the Port. Lessee covenants and agrees to indemnify and hold harmless the Port, its commissioners, directors, officers, agents, and employees from and against any and all actual or potential liability, claims, demands, damages, expenses, fees (including attorneys', accountants', and paralegal fees), fines, penalties, suits, proceedings, actions, and causes of action which may be imposed upon or incurred by the Port due to the acts or omissions of any person or entity whatsoever (excluding only the wilful acts or gross negligence of the Port), and which: (1) arise from or are in any way connected with Lessee's use, occupation, management or control of the Premises whether or not due to Lessee's wilful act or omission or gross negligence and whether or not occurring on the Premises; or (2) result from any breach, violation, or nonperformance by Lessee of any of its obligations under this Lease.

Section 6.3 - Hazardous Substances Indemnity: In addition to the indemnity provided in Section 6.2 above, the Lessee agrees to indemnify, save, and hold harmless the Port, its commissioners, officers, agents, and employees from and against all damages, costs, liabilities, and expenses caused by, arising out of, or in connection with, the handling, storage,

discharge, transportation, or disposal of hazardous or toxic wastes or substances, pollutants, oils, materials, contaminants, or Regulated Substances (collectively "Hazardous Substances") as those terms are defined by federal, state, or local law or regulation, including but not limited to, the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. §6901 et. seq.); the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. §9601, et. seq.); Superfund Amendment and Reauthorization Act of 1986 (SARA) (P.L. 99-499, October 17, 1986) as amended; the Toxic Substances Control Act (15 U.S.C. §2601, et. seq.); the Clean Water Act (33 U.S.C. §1251, et. seq.); the Clean Air Act (42 U.S.C. §7401, et. seq.); the Solid Waste Disposal Act (42 U.S.C. §3251, et. seq.); Marpol Regulations and all annexes thereto; 1985 Oregon Laws Chapter 733; and 1987 Oregon Laws Chapter 540, as the same may be amended from time to time, (collectively "Environmental Law"), on the Premises by Lessee or any other person or entity other than the Port, during Lessee's occupancy and use of the Premises, including, but not limited to: (a) claims of third parties, including governmental agencies, for damages, response costs, indolences or other relief; (b) the cost, expense or loss to the Port of any injunctive relief, including preliminary or temporary injunctive relief, applicable to the Port or the Premises; (c) the expense, including fees of attorneys, engineers, paralegals and experts, reporting the existence of said hazardous substances or contaminants to any agency of the State of Oregon or the United States as required by applicable laws or regulations; (d) any and all expenses or obligations, including attorneys' and paralegal fees, incurred at, before, and after any trial or appeal therefrom or any

administrative proceeding or appeal therefrom whether or not taxable as costs, including, without limitation, attorneys' and paralegal fees, witness fees (expert and otherwise), deposition costs, copying and telephone charges and other expenses, all of which shall be paid by Lessee promptly after the Port incurs the obligation to pay such amounts. Such damages, costs, liabilities and expenses shall include such as are claimed to be owed by any regulating and administering agency. As used in Article VI, the word "Premises" shall be deemed to include the soil and water table thereof.

6.3.1 Promptly upon written notice from the Port or from any governmental entity, the Lessee shall remove from the Premises (including without limitation the soil or water table thereof) all Hazardous Substances in existence after the date on which Lessee first obtained possession of the Premises or thereafter, and shall restore the Premises to clean, safe, good, and serviceable condition. Any such cleanup shall be in conformance with all applicable Environmental Laws.

Section 6.4 - Duty to Defend: Lessee shall, at its sole expense, defend any and all actions, suits, and proceedings relating to matters covered by the indemnity set forth in Sections 6.2 and 6.3 which may be brought against the Port or in which the Port may be impleaded, and shall satisfy, pay, and discharge any and all judgments, orders, and decrees that may be entered against the Port in any such action or proceeding.

Section 6.5 - Insurance:

6.5.1 The Lessee shall maintain an occurrence form commercial general and automobile liability insurance policy or policies including a fire legal liability endorsement for the protection of the Lessee and the Port, its commissioners, directors, officers, servants, and employees, insuring the Lessee and the Port against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises or occasioned by reason of the operations of the Lessee on or from the Premises with insurance limits of not less than (\$1,000,000) combined single limit.

6.5.2 All insurance shall name the Port, its commissioners, offices, and employees as additional insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

6.5.3 The Lessee shall furnish to the Port a certificate(s) of insurance evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance shall remain in full force during the term hereof and shall provide for not less than 30 (thirty) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed, or cancelled. Upon request, the Lessee shall provide the Port with a copy or copies of any insurance policy provided pursuant to this Lease.

6.5.4 The Port shall have the right to review the coverage and limits of insurance required herein from time to time. In the event the Port determines that such limits should be modified, the Port will provide

30 days notice to the Lessee of such determination and the Lessee shall, if the coverage is expanded and/or limits are increased, modify its coverage to comply with the new limits and provide the Port with an updated certificate.

Section 6.6 - Waiver of Subrogation: The Port and the Lessee agree that each forfeits any right of action that it may later acquire against the other of the parties to the Lease for loss or damage to its property, or to property in which it may have an interest, to the extent that such loss is covered by the provision of the Lessee's property damage policy or policies.

ARTICLE VII. - TERMINATION

Section 7.1 - Termination by the Port: The Port shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.2 - Termination by Lessee: The Lessee shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.3 - Duties on Termination: Upon termination of the Lease for any reason, the Lessee shall deliver all keys to the Port and surrender the Premises and Improvements in good condition. Alterations including but not limited to electrical systems, constructed by the Lessee with permission from the Port shall not be removed, unless the terms of permission for the alteration so require, but shall be restored to the

original condition. Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed to the latest practical date prior to such surrender.

Section 7.4 - Title to Improvements: Subject to the provisions of Section 7.5, upon termination of this Lease by the passage of time or for any reason, the Port shall have the option to either require removal of any or all Improvements constructed by the Lessee, pursuant to Section 4.1, within 90 days after the expiration of the Lease at the Lessee's expense or shall have the option to take title to any or all such structures, installations, and Improvements.

Section 7.5 - Fixtures:

7.5.1 Upon termination of this Lease for any reason, any or all fixtures placed upon the Premises during the Lease Term, or any extension thereof, other than the Lessee's trade fixtures, shall, at the Port's option, become the property of the Port. Movable furniture, decorations, floor covering (other than hard surface bonded or adhesively fixed flooring), curtains, blinds, furnishing and trade fixtures shall remain the property of the Lessee if placed on the Premises by the Lessee. At or before the termination of this Lease, Lessee, at its expense, shall remove from the Premises any or all of Lessee's fixtures or personal property which the Port has required Lessee to remove under the terms of this Lease, and shall repair any damage to the Premises resulting from the installation or removal of such fixtures or personal property. Any items

of Lessee's fixtures or personal property which remain on the Premises after the termination of this Lease in violation of this Section 7.5 may, at the option of the Port, be deemed abandoned. The Port shall have the option, in its sole discretion, of (a) retaining any or all of such abandoned property without any requirement to account to Lessee therefor, or (b) removing and disposing of any or all of such abandoned property and recovering the cost thereof, plus interest from the date of expenditure at the Port's then current interest rate, from Lessee upon demand.

7.5.2 The time for removal of any property or fixtures which the Lessee is required to remove from the Premises upon termination shall be as follows: (1) on or before the date the Lease terminates as provided herein; or (2) within 30 days after notice from the Port requiring such removal where the property to be removed is a fixture which the Lessee is not required to remove except after such notice by the Port, and such date would fall after the date on which the Lessee would be required to remove other property.

Section 7.6 - Environmental Audit: The Port may, at or near the expiration of this Lease by time or other termination require the Lessee to conduct, at its cost, an environmental audit of the Premises acceptable to the Port to determine if any environmental contamination as defined by then-applicable Environmental Law exists on the Premises. The Port shall have the right to approve the audit procedures and the company or individual conducting said audit and shall be given an original copy of the results. Lessee shall provide to the Port a supplemental up-date report as of the last day of the Lease Term. The Lessee shall promptly

remedy any contamination revealed by such audit in accordance with the then applicable Environmental Law prior to the expiration of the Lease Term. Lessee, upon termination of the Lease for any reason other than expiration of time, shall conduct the environmental audit as required by this Section. The Port, if necessary, will grant Lessee a Permit of Entry for such purpose. In the event the Lessee fails to promptly remedy the contamination, the Port shall have the right to remedy such contamination and charge the Lessee all such costs. The Lessee agrees to pay to Port such costs within 30 days after receipt of invoice from the Port, such right to be in addition to any other remedy available to the Port as provided herein, at law, or by equity.

7.6.1 If the Lessee does not conduct said audit as required herein, the Port may, at its sole option, complete said audit at the Lessee's expense. Until said audit and any remedial actions as required to restore the Premises to an acceptable condition are completed, the Lessee shall not be released from any liability for such costs.

ARTICLE VIII. - DEFAULT

Section 8.1 - Events of Default: The following shall be events of default:

8.1.1 Default in Rent: Failure of the Lessee to pay any rent or other charge as provided herein within 10 days after it is due.

8.1.2 Default in Other Covenants: Failure of the Lessee to comply with any term or condition or fulfill any obligation of the Lease

(other than the payment of rent or other charges) within 30 days after written notice by the Port specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 30 day period, this provision shall be complied with if the Lessee begins correction of the default within the 30 day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

8.1.3 Insolvency: To the extent permitted by the United States Bankruptcy Code, insolvency of the Lessee; an assignment by the Lessee for the benefit of creditors; the filing by the Lessee of a voluntary petition in bankruptcy; an adjudication that the Lessee is bankrupt or the appointment of a receiver of the properties of the Lessee and the receiver is not discharged within 30 days; the filing of an involuntary petition of bankruptcy and failure of the Lessee to secure a dismissal of the petition within 30 (thirty) days after filing; attachment of or the levying of execution on the leasehold interest and failure of the Lessee to secure discharge of the attachment or release of the levy of execution within 10 days.

8.1.4 Abandonment: Failure of the Lessee for 30 days or more to occupy the Premises for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease.

Section 8.2 - Remedies on Default:

8.2.1 In the event of a default under the provisions of Section 8.1, the Port at its option may terminate the Lease and at any time may exercise any other remedies available under law or equity for such

default. Any notice to terminate may be given before or within the grace period for default and may be included in a notice of failure of compliance. No termination of this Lease pursuant to this Section 8.2 shall relieve Lessee of its liabilities and obligations under this Lease, and any damages shall survive any such termination.

8.2.2 If Lessee fails to perform any of its obligations under this Lease, the Port, without waiving any other remedies for such failure, may (but shall not be obligated to) perform such obligation for the account and at the expense of the Lessee, without notice in a case of emergency, and in any other case if such failure continues for 15 days after written notice from the Port specifying the nature of the failure. As used herein, "emergency" shall mean any activity, cause or effect under the control or direction of the Lessee, its employees, agents, invitees, guests, or subcontractors involving the health, safety or general welfare of persons or property. The Port shall not be liable to Lessee for any claim for damage resulting from any such action by the Port. Lessee agrees to reimburse the Port upon demand for any expenses incurred by Lessor pursuant to this Lease together with interest thereon from the date of payment at the Port's then current interest rate.

8.2.3 Suit(s) or action(s) for the recovery of the rents and other amounts and damages, or for the recovery of possession may be brought by landlord, from time to time, at landlord's election, and nothing in this Lease will be deemed to require landlord to await the date on which the Lease Term expires. Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity or by statute or otherwise,

including, without limitation, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by landlord of any such rights or remedies will not preclude the simultaneous or later exercise by landlord of any other such rights or remedies. All such rights and remedies are nonexclusive.

ARTICLE IX. - GENERAL PROVISIONS

Section 9.1 - Assignment and Sublease:

9.1.1 This Lease is personal to the Lessor and the Lessee. Except as provided herein, no part of the Premises nor any interest in this Lease may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conveyed or conferred on any third person by any other means, without the prior written consent of the Port. Any assignment or attempted assignment without the Port's prior written consent shall be void. This provision shall apply to all transfers by operation of law. If the Lessee is a corporation, this provision shall apply to any sale of a controlling interest in the stock of the corporation.

9.1.2 Consent in one instance shall not prevent this provision from applying to a subsequent instance.

9.1.3 Other than the subleases for which the Port has given written consent concurrently with this Lease, in determining whether to consent to sublease, the Port may consider any factor, including the following factors: financial ability; business experience; intended use.

Section 9.2 - Nonwaiver: Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision. All waivers shall be in writing. The Port's acceptance of a late payment of rent does not waive any preceding or subsequent default other than the failure to pay the particular sum accepted.

Section 9.3 - Attorney's Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 9.4 - Law of Oregon: This Lease shall be governed by the laws of the State of Oregon. If a court of competent jurisdiction declares this Lease to be a public contract under ORS Chapter 279, then the parties agree that the contract provisions required by ORS Chapter 279 to be included in public contracts are hereby incorporated by reference and shall become a part of this Lease as if fully set forth herein.

Section 9.5 - Adherence to Law: The Lessee shall adhere to all applicable Federal, State, and local laws, rules, regulations, and ordinances, including but not limited to (1) laws governing its relationship with its employees, including but not limited to laws, rules, regulations, and policies concerning Worker's Compensation, and minimum

and prevailing wage requirements; (2) laws, rules, regulations and policies relative to occupational safety and health, (3) all federal, state, regional and local laws, regulations and ordinances protecting the environment, and (4) all laws and regulations regarding the handling and disposal of Hazardous Substances.

9.5.1 Lessee shall not use or allow the use of the Premises or any part thereof for any unlawful purpose or in violation of any certificate of occupancy, any certificate of compliance, or of any other certificate, law, statute, ordinance, or regulation covering or affecting the use of the Premises or any part thereof. Lessee shall not permit any act to be done or any condition to exist on the Premises or any part thereof which may be hazardous, which may constitute a nuisance, or which may void or make voidable any policy of insurance in force with respect to the Premises.

9.5.2 The Lessee shall promptly provide to the Port copies of all notices or other communications between the Lessee and any governmental entity which relate to the Lessee's noncompliance or alleged noncompliance with any law, ordinance, regulation, condition, or other applicable requirement lawfully imposed by any agency, governmental body, or quasi-governmental body having jurisdiction over the Lessee's use of the Premises.

9.5.3 Lessee shall obtain, and promptly advise the Port of receipt of all federal, state, or local governmental approvals or permits required by law or regulation for any activity or construction that Lessee may undertake on the Premises. Lessee shall provide the Port with copies of all such approvals and permits received by Lessee.

Section 9.6 - No Light or Air Easement: The reduction or elimination of the Lessee's light, air, or view will not affect the Lessee's liability under this Lease, nor will it create any liability of the Port to the Lessee.

Section 9.7 - Time of Essence: Time is of the essence of each and every covenant and condition of this Lease.

Section 9.8 - Warranty of Authority: The individuals executing this agreement warrant that they have full authority to execute this Lease on behalf of the entity for whom they are acting herein.

Section 9.9 - Headings: The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this Lease.

Section 9.10 - Delinquency Charges: Lessee acknowledges that late payment by Lessee to the Port of any rent due hereunder will cause the Port to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Accordingly, if any rent is not received by the Port when it is due, Lessee shall pay to the Port a delinquency charge in accordance with Section 3.4. The parties hereby agree that such delinquency charge represents a fair and reasonable payment by Lessee. Acceptance of any delinquency charge by the Port shall in no event constitute a waiver of Lessee's default with respect to the overdue amount in question, nor prevent the Port from exercising any of the other rights and remedies granted hereunder.

Section 9.11 - Consent of Port:

9.11.1 Subject to the provisions of Section 9.1, whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval, or direction shall be received in writing from an authorized representative of The Port of Portland.

9.11.2 If Lessee requests the Port's consent or approval pursuant to any provision of the Lease and the Port fails or refuses to give such consent, Lessee shall not be entitled to any damages as a result of such failure or refusal, whether or not unreasonable, it being intended the Lessee's sole remedy shall be an action for specific performance or injunction, and that such remedy shall be available only in those cases in which the Port has in fact acted unreasonably and has expressly agreed in writing not unreasonably to withhold its consent or may not unreasonably withhold its consent as a matter of law.

Section 9.12- Notices: All notices required under this Lease shall be deemed to be properly served if served personally or sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at The Port of Portland, Post Office Box 3529, Portland, Oregon 97208, or served personally at 5555 N. Channel Ave., Bldg. 50, Portland, Oregon, 97217, and to the Lessee at P.O. Box 11228, Portland, Oregon 97211. Date of Service of such notice is date such notice is personally served or deposited in a post office of the United States Post Office Department, postage prepaid.

Section 9.13 - Modification: Any modification of the Lease shall be mutually agreed upon and reduced to writing and shall not be effective until signed by the parties hereto.

Section 9.14 - No Benefit to Third Parties: The Port and the Lessee are the only parties to this Lease and as such are the only parties entitled to enforce its terms. Nothing in this Lease gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

Section 9.15 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 9.16 - Regulations: The Port may, from time to time, adopt and enforce rules and regulations with respect to the use of said Premises, and Lessee agrees to observe and obey such rules and regulations.

Section 9.17 - Partial Invalidity: If any provision of this Lease or the application thereof to any person or circumstance is at any time or to any extent, held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not

be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 9.18 - Survival: All agreements (including, but not limited to, indemnification agreements) set forth in this Lease, the full performance of which are not required prior to the expiration or earlier termination of this Lease, shall survive the expiration or earlier termination of this Lease and be fully enforceable thereafter.

Section 9.19 - Entire Agreement: It is understood and agreed that this instrument contains the entire Agreement between the parties hereto. It is further understood and agreed by the Lessee that the Port and the Port's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except as in this Agreement expressly set forth, and that no claim or liability or cause for termination shall be asserted by the lessee against the Port for, and the Port shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Agreement, any other oral agreement with the Port being expressly waived by the Lessee.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

LESSEE

By

Ham M. Jones

By

THE PORT OF PORTLAND

By

Robert W. Kelly
EXECUTIVE DIRECTOR

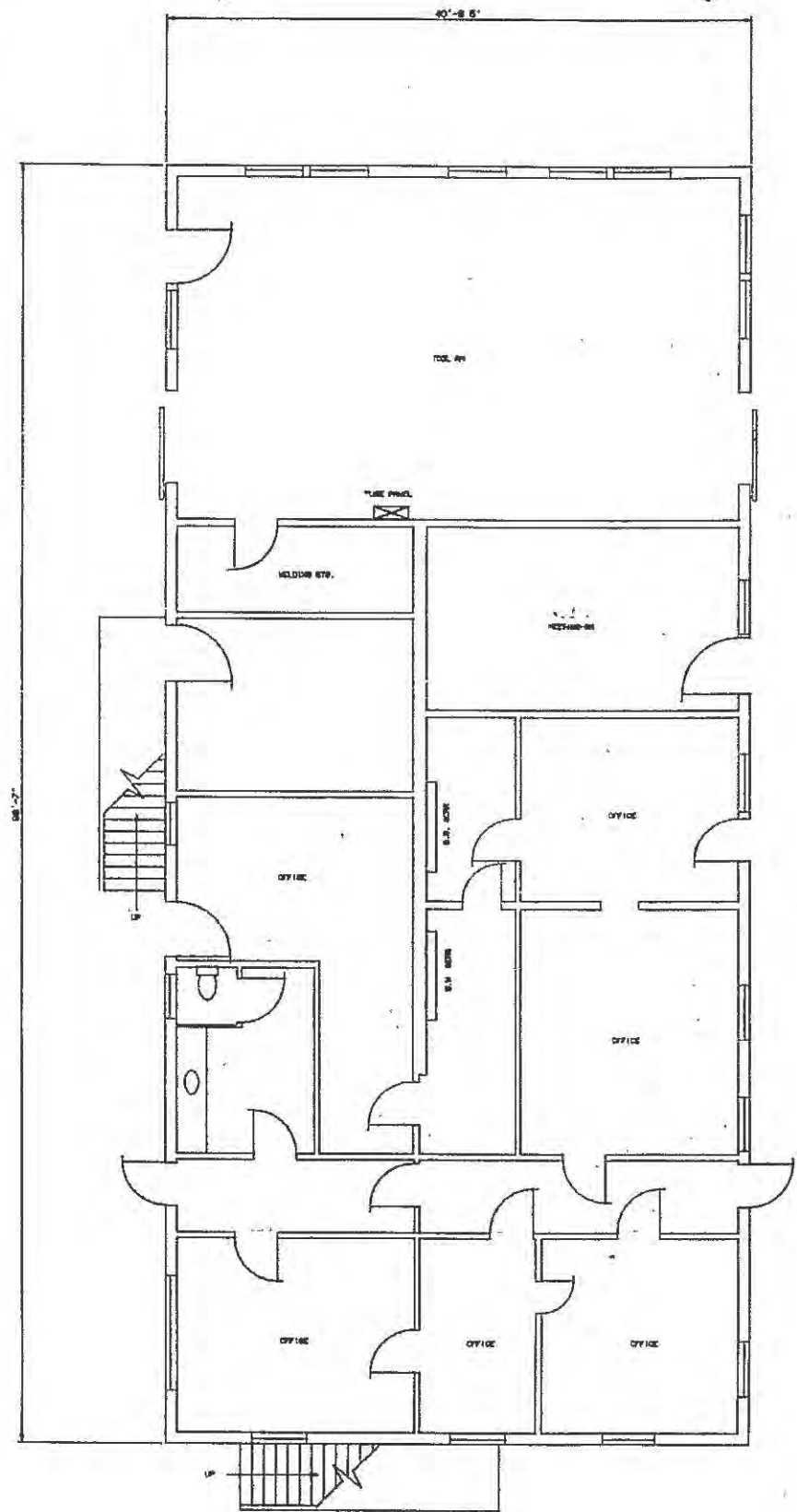
By

APPROVED AS TO LEGAL SUFFICIENCY

[Signature]
Counsel for The Port of Portland

DIAMOND-K
6/11/90

DIAMOND-K



PLAN - FIRST FLOOR

Parking

Portland Ship Repair Yard
Building 80, ground floor
Exhibit A-1

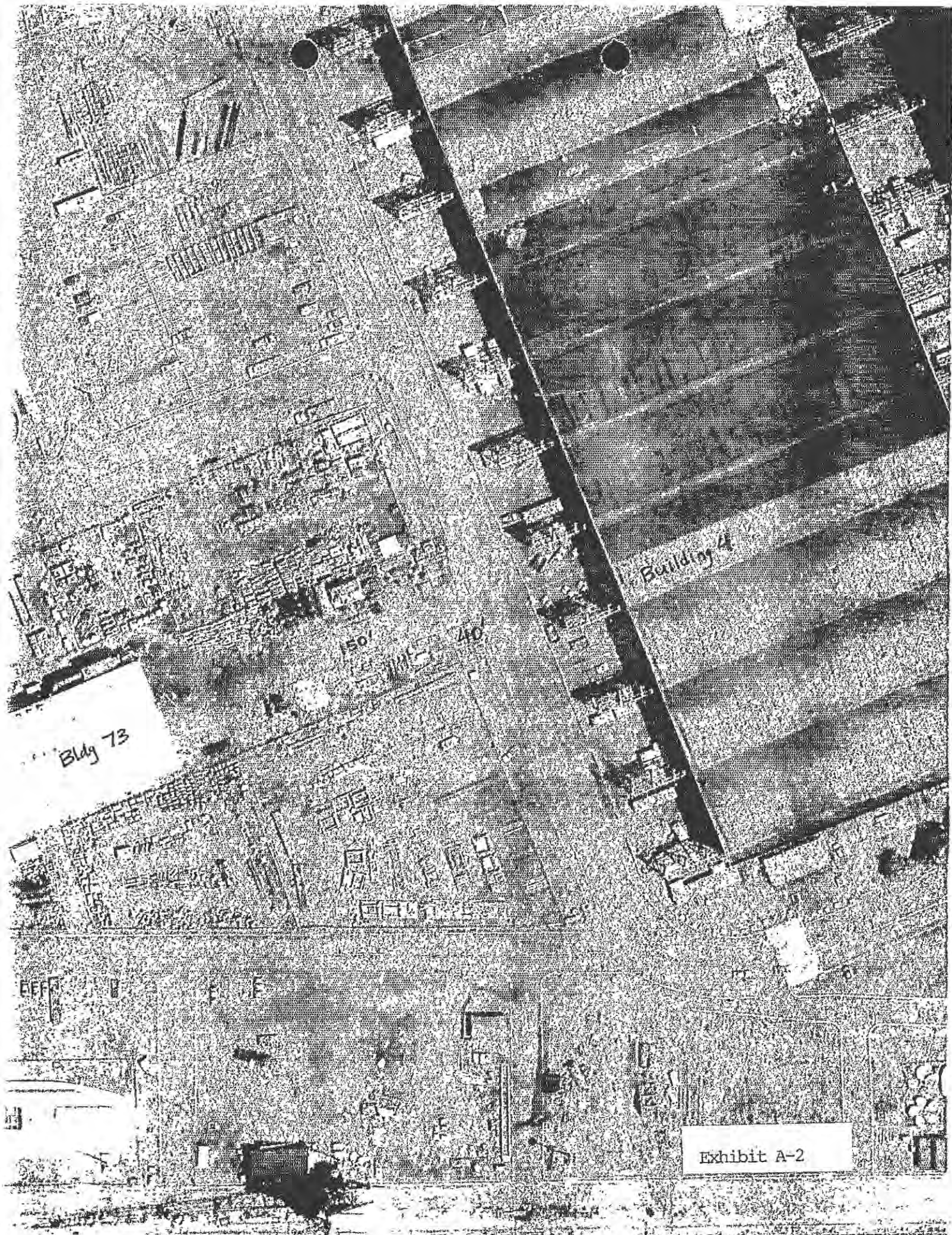


Exhibit A-2

EXHIBIT B

FOR UTILITY SERVICES BUILDING AREAS

This disclosure statement is part of the lease dated July 18, 1990, 1990, between the PORT OF PORTLAND and DIAMOND K, INC., for the rental of the improved space identified in Attachment A. For the authorized purpose of the above lease, the following utilities shall be provided at the stated rates subject to change upon thirty days written notice by the Port.

<u>Space</u>	<u>Sq. Ft.</u>	<u>Rate</u>	<u>Monthly Amount</u>	<u>Utilities Provided</u>
Bldg. 50 office	540	\$0.15	\$81.00	heat, electricity & air conditioning

Telephone service, refuse collection, and janitorial services are the responsibility of the Lessee.

ACKNOWLEDGED:

Alan M. Taylor

7-13-90

Lessee's signature

Date

MONTH-TO-MONTH
LEASE OF IMPROVED SPACES

THIS LEASE, dated September 6, 1985, by and between THE PORT OF PORTLAND, a municipal corporation of the State of Oregon, hereinafter referred to as "Port," and ARTHUR E. FARR, D.B.A., FARR WEST MARINE, INC., a corporation organized under the laws of the State of Hawaii, hereinafter referred to as "Lessee."

ARTICLE I - PREMISES

Section 1.01. - Description: Port leases to Lessee, on the terms and conditions stated below, the Premises consisting of approximately Five Hundred Eighty (580) square feet which is on the date of this Lease improved and commonly known as Building 10, Upper Floor Offices, South Wing (hereinafter referred to as "Premises").

Section 1.02 - Use of Premises: Lessee may use the Premises only for the following purpose: Offices related to ship repair.

ARTICLE II - TERM

Section 2.01 - Term: The term of this Lease shall commence on September 1, 1985, and shall continue indefinitely unless terminated by either party upon thirty (30) days written notice or by Lessee's default.

ARTICLE III - RENTAL

Section 3.01 - Basic Rent: Lessee shall pay to Port as rent the sum of One Hundred Forty-Five Dollars (\$145.00) per month. Rent shall be payable on the tenth (10th) day of each month in advance, except that rent for the first and last months has been paid upon the execution of this Lease and Port acknowledges receipt of this sum.

Section 3.02 - Place of Payments: Payment shall be to Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Lessee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

ARTICLE IV - GENERAL CONDITIONS

Section 4.01 - Delivery: Should Port be unable to deliver possession of the Premises on the date fixed for the commencement of the term, Lessee shall owe no rent until notice from Port tendering possession to Lessee. If possession is not so tendered within sixty (60) days following commencement of the term, then Lessee may elect to cancel this Lease by notice to Port within ten (10) days following expiration of the sixty (60) day period. Port shall have

no liability to Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

In the event Port shall permit Lessee to occupy the Premises prior to the commencement date herein set forth, such occupancy shall be subject to all the provisions of this Lease. Said early possession shall not advance the termination date hereinabove provided.

Section 4.02 - Assignment: The Lessee will not assign this Lease or any interest hereunder, and will not permit any assignment hereof by operation of law, and will not subrent or sublet said Premises or any portion thereof, and will not permit the use or occupancy of said Premises by other than the Lessee and his agents and employees of the Lessee, without first obtaining the written consent of the Port.

Section 4.03 - Alterations: The Lessee will make no installations, alterations, modification, or additions to said Premises without first obtaining the written consent of the Port and all additions, improvements, and fixtures, except the moveable office furniture and trade fixtures of the Lessee, made or added either by the Lessee of Port shall be and remain the property of the Port; provided, however, the Port may require that the Lessee remove upon termination of this Lease any additions made or fixtures added by the Lessee at the Lessee's expense.

Section 4.04 - Uses: The Lessee will not use or permit in said Premises anything that will increase the rate of fire insurance thereon or prevent the Port taking advantage of any ruling of the Insurance Service Office of Oregon or its successors, which would allow the Port to obtain reduced rates for long-term insurance policies; or maintain anything that may be dangerous to life or limb; or in any manner deface or injure said building or any portion thereof; or overload the floors; or permit any objectionable noise or odor to escape or to be emitted from said Premises; or permit anything to be done upon said Premises in any way tending to create a nuisance or to disturb any other tenants of the building, or to injure the reputation of the building; or to use or permit the use of said Premises for lodging or sleeping purposes or for any immoral or illegal purposes; and that the Lessee will comply at Lessee's own cost and expense with all orders, notices, regulation, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 4.05 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from negligence of the Port.

The Lessee shall indemnify and save harmless the Port against and from any and all claims by or on behalf of any person, firm or corporation arising from the conduct or management of or from any work or thing whatsoever done by the Lessee or its agents, contractors, servants, or employees in or about the demised Premises or the building, and will further indemnify and save the Port harmless against and from any and all claims arising from any breach or default on the part of the Lessee in the performance of any covenant or agreement on the part of the Lessee to be performed, pursuant to the terms of this Lease or arising from any act of negligence of the Lessee, or any of its agents, contractors, servants, or employees occurring during the term of this Lease in or about the demised Premises or the building, and from and against all costs, counsel fees, expenses, and liabilities incurred in or about any such claim or action or proceeding brought thereon. In case any action or proceeding be brought against the Port by reason of any such claim, the Port may, at its option, require that the Lessee resist or defend such action or proceeding at the Lessee's own cost and expense and by counsel reasonably satisfactory to the Port.

Section 4.06 - Vacation: Upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the

purpose of such reletting the said Port is authorized at the cost of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises which may be necessary in the opinion for the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but Lessee shall nevertheless remain liable and continue bound, unless the Port, at Port's election, shall cancel the Lease and in the event cancellation shall be effected and Port and Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by Port to Lessee at Lessee's last known address.

Section 4.07 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 4.08 - Electrical: The Lessee shall not, without Port's written consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use.

Section 4.09 - Inspection: The Port and the Port's agents, janitors, workmen and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises

from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

Section 4.10 - Premises Care: The Lessee shall at all times take good care of the demised Premises and shall keep and maintain the leased premises and all improvements of any kind, which may be erected, installed, or made thereon by Lessee, in good and substantial repair and condition. Lessee shall provide proper containers for trash and garbage and shall keep the leased premises free and clear of rubbish, debris and litter at all times. Port shall at all times during ordinary business hours have the right to enter upon and inspect such premises. Such inspections shall be made only at a mutually agreeable time.

Section 4.11 - Surrender: At the expiration or sooner termination of this Lease, the Lessee will surrender and deliver up said Premises to the Port or those having the Port's estate therein, in the same condition as the Lessee now receives said Premises, ordinary wear and tear and damage by fire and the elements alone expected.

Section 4.12 - Action/Suit: If any suit or appeal thereof is instituted by either party for the enforcement of any covenant contained in this Lease, the prevailing party shall recover, in

addition to costs and disbursements, such attorneys' fees as the court may adjudge reasonable to be allowed in such suit or action or appeal thereof.

Section 4.13 - Default: If the rent shall be in arrears for a period of ten (10) days; or if the Lessee fails to keep or perform any of the covenants or conditions of this Lease; or if the leasehold interest of the Lessee shall be attached or levied on under execution; or if a petition is filed by Lessee for an arrangement with his creditors under Chapter 11 of the Bankruptcy Act; or if the Lessee shall be declared bankrupt or insolvent according to law; or if any assignment of the Lessee's property shall be made for the benefit of creditors, or otherwise, or if the Lessee fails to make prompt payment of any amounts due the Port in connection with the Lessee's occupancy of the Premises, then, and in any of said events, the Port may at the Port's option at once, without notice to the Lessee or any other person, terminate this Lease; and upon the termination of said Lease at the option of the Port, as aforesaid, or at the expiration of this Lease, and upon the termination of said Lease by its terms, the Lessee will at once surrender possession of said Premises to the Port and remove all the Lessee's effects therefrom; and if such possession be not immediately surrendered, the Port may forthwith enter into and on said Premises and repossess them as of the Port's former estate and expel the Lessee, or those claiming under the Lessee, and remove the

effects of any of them, forcibly if necessary, and lock said Premises, without being deemed guilty in any manner of trespass and without prejudice to any remedies which might otherwise be used for arrears of rent or preceding breach of covenants; and that in such event the Lessee expressly waives the service of any notice of intention so to terminate this Lease or to retake the Premises, and waives service of any demand for payment of rent or for possession and of any and every other notice or demand prescribed by any law of the State of Oregon.

Section 4.14 - Remedies on Default: In the event of termination on default, the Port shall be entitled to request immediately, without waiting until the due date of any future rent or until the date fixed for expiration of the Lease term the value of the Lessee's obligations to pay rent under this Lease, plus the reasonable cost of re-entry and reletting, including, without limitation, the cost of any cleanup, refurbishing, removal of the Lessee's property and fixtures or any other expense occasioned by the Lessee's failure to quit the demised Premises upon termination or to leave them in the required condition, any remodeling costs, attorneys' fees, court costs, broker commissions, and advertising costs, plus the unpaid cost of any tenant improvements being amortized over the term of this Lease, plus the amount of the loss of reasonable rental value from the date of default until a new tenant has been, or, with the exercise of reasonable diligence, could have been secured.

Section 4.15 - Liens: The Lessee shall not suffer or permit any mechanic's lien to be filed against the fee of the demised Premises nor against the Lessee's leasehold interest in said Premises by reason of work, labor, services, or materials thereof through or under the Lessee, and nothing in this Lease contained shall be deemed or construed in any way as constituting the consent or request of the Port, express or implied, by inference or otherwise to any contractor, subcontractor, laborer, or materialman for the performance of any labor or the furnishing of any materials for any specific improvement, alteration, or repair of or to the demised Premises or any part thereof, nor as giving the Lessee any right, power, or authority to contract for or permit the rendering of any services or the furnishing of any materials that would give rise to the filing of any mechanic's lien against the fee of the demised Premises. If any such mechanic's lien shall at any time be filed against demised Premises, the Lessee shall cause the same to be discharged of record within twenty (20) days after the date of filing the same.

Section 4.16 - Holding Over: If the Lessee shall hold over after the expiration of the term of this Lease, and shall not have agreed in writing with the Port upon the terms and provisions of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that the tenancy shall be one from month to month.

Section 4.17 - Utilities: Lessee shall promptly pay any charges for sewer, water, gas, electricity, telephone, and all other charges for utilities which may be furnished to the leased premises (see Attachment 'A').

Section 4.18 - Regulations: The Port, for the proper maintenance of said building; the rendering of good service, and the providing of safety, order, and cleanliness, may make and enforce regulations appropriate for such purposes but not in enlargement of or inconsistent with the terms, covenants and conditions of this Lease.

Section 4.19 - Waiver: Any waivers shall be in writing. The covenants of this Lease are continuing covenants and the waiver by the Lessor of breaches of said covenants shall not be deemed a waiver of subsequent breaches thereof.

Section 4.20 - Modification: This Lease may not be modified except by endorsement in writing attached to this Lease, dated and signed by all the parties hereto, and Port shall not be bound by any oral or written statement of any servant, agent, or employee modifying this Lease.

Section 4.21 - Parties: The rights, liabilities, and remedies provided for herein shall extend to the heirs, legal representatives,

successors and, so far as the terms of this Lease permit, assigns of the parties hereto, and the words "Port" and "Lessee" and their accompanying verbs or pronouns, wherever used in this Lease, shall apply equally to all persons, firms, or corporations which may be or become parties hereto.

Section 4.22 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as Port may hereafter impose on the land and building, and the Lessee shall upon request of Port, execute and deliver agreements of subordination consistent herewith.

Section 4.23 - Taxes: Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the State, County, City, or any other tax levying body upon the Premises or upon any taxable interest by Lessee acquired in this Lease or any taxable possessory right which Lessee may have in or to the Premises or facilities hereby leased or the improvements thereon by reason of its occupancy thereof as well as all taxes on all taxable property, real or personal, owned by Lessee in or about said Premises. Upon making such payments, Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. Upon any termination of tenancy, all taxes then levied or then a lien on any of said property or taxable interest therein shall be paid in full without proration by

Lessee forthwith or as soon as a statement thereof has been issued by tax collector.

Section 4.24 - Insurance: Lessee shall maintain comprehensive, general and automobile liability insurance for the protection of Lessee, directors, officers, servants, and employees, insuring Lessee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises leased or occasioned by reason of the operations of the Lessee with insurance of not less than One Million and No/100 Dollars (\$1,000,000.00) combined single limit. Such insurance shall name the Port, its commissioners, officers, and employees as additional named insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Lessee.

Lessee shall furnish to the Port an acceptable certificate evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance will provide for not less than thirty (30) days written notice to the Port and the Lessee before such policies may be revised, nonrenewed or cancelled.

Section 4.25 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, PO Box 3529, Portland, Oregon 97208, and to the Lessee at Farr West Marine, Inc., PO Box 8789, Portland, Oregon 97207.

IN WITNESS WHEREOF, the parties hereto have subscribed their names.

FARR WEST MARINE, INC.

By Arthur E. Farr
Arthur E. Farr

By _____

APPROVED AS TO FORM:

Counsel for Lessee

THE PORT OF PORTLAND

By [Signature]
EXECUTIVE DIRECTOR

By _____

APPROVED AS TO LEGAL SUFFICIENCY:

M B Playfair
Counsel for The Port of Portland

ATTACHMENT 'A'

This disclosure statement refers to the lease dated , 1985, between the PORT OF PORTLAND and FARR WEST MARINE, INC., for the month-to-month rental of the improved space commonly known as Building 10, Upper Floor Offices, South Wing Offices.

For the authorized purposes of the above lease, the following utilities will be provided at the stated rates:

<u>Y/N</u>	<u>UTILITY</u>	<u>NOTE</u>
<u>Y</u>	Electricity	
<u>N</u>	Natural Gas	
<u>N</u>	Steam	
<u>N</u>	Compressed Air	
<u>N</u>	Oxygen	
<u>Y</u>	Area Heat	
<u>N</u>	Area Air Conditioning	
<u>Y</u>	Water	
<u>Y</u>	Sewer	
<u>Y</u>	Flat rate of \$0.15 per square foot per month (\$87.00 per month)	

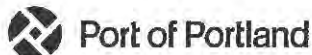
TELEPHONE SERVICE IS THE RESPONSIBILITY OF THE LESSEE.

The rates are subject to change upon thirty-days notice.

ACKNOWLEDGED:

Arthur E. Davis
Signature

Sept. 2, 1985
Date



PERMIT AND RIGHT-OF-ENTRY

No. P01193

Date Issued: 9/2/93

PERMITTEE:

Foss Environmental Services Company
7440 West Marginal Way South
Seattle, WA 98108-4141
(206) 767-0441

The Port of Portland hereby grants to Permittee the right to enter upon and use the below-described premises in accordance with the terms and conditions set forth below and printed on the reverse side of this document.

Premises and Permitted Use: Storage of Permittee's 21' whaler quick response boat at the Portland Shipyard small boat basin. The storage location will be designated by the Port.

INITIAL

Term of Permit: The effective date of this Permit and Right-of-Entry shall be from August 20 19 93 to June 30 19 94, unless terminated as provided herein. Permittee may terminate with thirty (30) days written notice. SB

INITIAL

Special Insurance Requirements: None

Compensation to be Paid by Permittee: \$0.25 per footday. A footday is the vessel's overall length in feet times the number of days of service. Payment shall be made to the Port within thirty days of invoicing by the Port.

Both parties agree to be bound by the terms and conditions of this Permit and Right-of-Entry.

PERMITTEE

By: Stephanie Barton
Typed Name: STEPHANIE BARTON
Title: MANAGER, MARKETING
Date: AUGUST 3, 1993
Address: 7440 WEST MARGINAL WAY SOUTH
SEATTLE, WASHINGTON 98108

PORT OF PORTLAND

By: [Signature]
Title: Executive Director
Date: August 30, 1993
Address: P.O. Box 3529
Portland, OR 97208

This form has been approved as to Legal Sufficiency by the Port's Legal Counsel. Any Special Insurance required by this Permit and Right-of-Entry shall be determined by the Port's Risk Management Division. All terms and conditions printed on the reverse side of this document are incorporated by reference herein and shall apply to this Permit and Right-of-Entry.

A. Premises

Permittee shall use the Premises solely for the business or purposes set forth in this Permit and Right-of-Entry.

B. Basic Payment

Permittee shall pay the Port all fees and charges in accordance with the provisions set forth herein.

C. Place of Payments

Payment shall be to Port at the Port of Portland, P.O. Box 5095, Portland, Oregon 97208, or such other place as Port may designate. All amounts not paid by Permittee when due shall bear interest at the rate of eighteen percent (18%) per annum. The interest rate of eighteen percent (18%) on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

D. Port's Right to Terminate

Notwithstanding any provision contained herein, the Port through its authorized representative may terminate this Permit and Right-of-Entry at any time for its convenience or for Permittee's default. Upon notice of termination, the Permittee shall immediately leave the Premises. Permittee's obligations and liability to the Port shall survive termination. Unless waived by the Port, the Permittee shall restore the Premises to its condition at the commencement hereof, ordinary wear and tear excepted.

E. Indemnity

Permittee is an independent contractor and agrees to fully indemnify, hold harmless and defend the Port, its commissioners, officers, directors, agents, and employees from and against all claims, actions, damages, injuries, any financial loss or expenses incidental to the investigation and defense thereof, including reasonable attorney's fees, based upon or arising out of the acts or omissions of, or use or occupancy of the premises by, the Permittee, its agents, contractors, invitees, employees, or any person acting at the direction or under the control of Permittee.

F. No Benefit to Third Parties

The Port and Permittee are the only parties to this Permit and Right-of-Entry and as such are the only parties entitled to enforce its terms. Nothing in this Permit and Right-of-Entry gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

G. Insurance

In addition to any special insurance requirements, Permittee shall maintain comprehensive general and automobile liability insurance for the protection of Permittee and the Port, its commissioners, directors, officers, agents, and employees, and insuring Permittee against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to this Permit and Right-of-Entry caused by Permittee's use of the Premises. The insurance required by this paragraph shall have a combined single limit of not less than one million and No./100 Dollars (\$1,000,000) per occurrence. Such insurance shall name the Port, its commissioners, officers, directors, agents, and employees as additional insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by the Permittee. The coverage provided by this policy shall be primary and any other insurance carried by Port is excess.

Permittee shall maintain in force Workers' Compensation insurance coverage for Employers' Liability and, if applicable, Longshore and Harbor Workers' Compensation Act. If Permittee is a qualified self-insured employer a copy of Permittee's Certificate of Compliance and a certificate of insurance evidencing excess insurance shall be forwarded to Port upon execution of this Permit and Right-of-Entry.

Permittee shall furnish to the Port a certificate evidencing the date, amount and type of insurance that has been procured pursuant to this Permit and Right-of-Entry. All policies of insurance will provide for written notice to the Port and the Permittee before such policies may be revised, nonrenewed, or cancelled.

H. Taxes

Permittee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the state, county, city, or any other tax-levying body upon the Premises or Improvements, or upon any taxable interest of Permittee acquired in this Permit, or any taxable possessory right which Permittee may have in or to the Premises or the Improvements thereon by reason of its occupancy thereof, as well as all taxes on all taxable property, real or personal, owned by Permittee in or about said Premises. In the event that the term of this Permit or any extension thereof ends after June 30 of any year, Permittee shall be responsible for payment of property taxes for the entire tax year without proration, or, in the event of any change in property tax law, for any taxes due under such law.

I. Assignment of Interest or Rights

Permittee shall not in any manner, directly or indirectly, by operation of law or otherwise, sublease, assign, transfer or encumber any of Permittee's rights granted by this instrument. Any attempted assignment or transfer shall be void.

J. Attorney Fees

If suit or action is instituted in connection with any controversy arising out of this Permit and Right-of-Entry, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable for attorney fees at trial or on appeal.

K. Warranties/Guarantees

The Permittee acknowledges that it has inspected the Premises and has found them to be completely acceptable and safe for Permittee's intended use. The Port makes no warranty, guarantee, or averment of any nature whatsoever concerning the physical condition of the Premises, and it is agreed that the Port will not be responsible for any loss, damage or costs which may be incurred by Permittee by reason of any such physical condition.

L. Compliance with Law

Permittee shall comply with all applicable state, federal, and local laws, including but not limited to, FAA regulations, City of Portland zoning ordinances and laws, rules, regulations, and policies concerning equal opportunity, nondiscrimination, Workers' Compensation, minimum and prevailing wage requirements, and the rules and regulations adopted by the Port, the Port's executive director, or the executive director's designee.

M. Notices

All notices required under this Agreement shall be sent to the address set forth in this Permit and Right-of-Entry.

N. Permittee understands that the boat basin is located in a ship repair yard where large vessels are repaired, sandblasted, and spray painted, and such activities may create dusts, paint oversprays, and sandblast grit. Permittee acknowledges these risks, assumes the risk for damages caused by such risks, and releases the Port from liability therefore.

DOCUMENT TRANSMITTAL FORM—LEGAL DEPARTMENT

LEGAL DEPARTMENT

DATE:

8-26-93

1993 AUG 30 AM 10:05

TO:

MIKE THORNE

PORT OF PORTLAND

FROM:

ELLIE NEVERS ~~PAM~~ SYVERSON
LEGAL DEPARTMENT

SUBJECT:

DOCUMENT TRANSMITTAL

THE ATTACHED DOCUMENT HAS BEEN APPROVED AS TO LEGAL SUFFICIENCY BY:

(C2)

CORY STREISINGER

PAUL ELSNER

DEAN PHILLIPS

JIM KIRK

PLEASE HAVE THE ENCLOSED DOCUMENT SIGNED AS INDICATED BY THE:

COMMISSION PRESIDENT/OFFICER

X

EXECUTIVE DIRECTOR

THE FOLLOWING INFORMATION IS PROVIDED REGARDING THIS TRANSACTION:

OPERATING DEPARTMENT:

PSRY

DESCRIPTION OF TRANSACTION:

Storage of Foss Environmental's 21' quick response boat at the Portland Shipyard small boat basin. Term: 8/20/93 - 6/30/94. Compensation is 0.25[¢] per footday.

LOCATION:

PSRY small boat basin, as designated by the Port.

TYPE OF DOCUMENT(S):

Permit + Right of Entry

COMMISSION APPROVAL:

X

NOT REQUIRED

YES. DATE OF COMMISSION APPROVAL:

OTHER COMMENTS:

AFTER SIGNATURE, PLEASE RETURN TO THE LEGAL DEPARTMENT TO THE ATTENTION OF ELLIE NEVERS.

✓

DELIVERED TO DARLA

8/26/93

Date

✓

DELIVERED TO ELLIE ~~PAM~~

8/30/93

Date

PSY100003481

Date: 9-1-93

To: Emily ERZEN

From: LEGAL DEPARTMENT *Jan Stevenson*

Subject: PERMIT & Right of Entry - FOSS Environmental

The above captioned document has been signed and is being returned to you for further processing:

Comments: 2 originals

Facsimile Cover Sheet

To: Stephanie Barton

Company: Foss Environmental Services

Phone: _____

Fax: (206) 767-3460

From: **Emily Erzen**

Company: **Port of Portland - PSRY**

Phone: **(503) 240-3012**

Fax: **(503) 240-3080**

Date: 7/22/93

Pages including this
cover page: 3

Comments:

Permit for boat tie-up at PSRY
Small boat basin.

Please let me know if you have any
questions. I'll complete and provide copy
to you for signature next week.

MONTH-TO-MONTH
LEASE OF IMPROVED SPACE BETWEEN
THE PORT OF PORTLAND
AND
FRASER BOILER AND DIESEL, INC.

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MONTH-TO-MONTH
LEASE OF IMPROVED SPACE

THIS LEASE, dated as of the 30th day of June 19 93, is entered into by and between THE PORT OF PORTLAND, a port district of the State of Oregon (hereinafter referred to as "Port"), and FRASER BOILER AND DIESEL, INC., a corporation organized under the laws of the State of WASHINGTON (hereinafter referred to as "Lessee"), for lease of certain described Premises located at the Portland Ship Repair Yard, Swan Island ("PSRY").

ARTICLE I. - AGREEMENT TO LEASE, DESCRIPTION OF PREMISES

Section 1.1 - Description of Premises: The Port leases to Lessee, and Lessee leases from the Port, on the terms and conditions stated herein, the Premises consisting of approximately 4800 square feet of office and shop space commonly known as Shops 4 and 5 of Building 10 (hereinafter referred to as "Premises") as shown on Exhibit No. A, attached hereto and made a part hereof. Upon construction or installation of additional improvements approved by the Port as provided in this Lease, in, under or upon the Premises (collectively "Improvements"), such Improvement(s) shall become a part of the Premises unless otherwise stated herein.

Section 1.2 - Use of Premises:

1.2.1 Lessee shall use the Premises only for the following purpose(s): Shop 4 shall be used for Lessee's offices and for welding, fabrication, and general repairs in support of Lessee's boiler and diesel service business. Shop 5 shall be used for storage of Lessee's materials, equipment and supplies. No sandblasting or spray painting may be permitted on

the Premises, nor shall paints, thinners or solvents be stored on the Premises.

1.2.2 No other use may be made of the Premises without the written approval of the Port. Except as a necessary and incidental use in conjunction with the use authorized for the Premises pursuant to Section 1.2.1 above, no use may be made of, on, or from the Premises relating to the handling, storage, disposal, transportation, or discharge of Hazardous Substances as defined in Section 6.3 below. Under no circumstances shall any use be made of, or conduct occur on, the Premises which would cause the Premises, or any part thereof, or the Building, Improvements of the facility of which they are a part, to be deemed a hazardous waste treatment, storage, or disposal facility requiring a permit, interim status, or any other special authorization under any Environmental Law as defined in Section 6.3 below.

1.2.3 The Port shall have the option, but shall not be required to, request the Lessee to provide the Port with a list of all materials and activities which are or foreseeably will occur on the Premises which might constitute an environmental liability. Under no circumstances shall the Port be liable for failure to request or update said list.

1.2.4 In no event shall Lessee store, handle, transport, dispose, or treat any Hazardous Substances on the Premises which are generated by or from cleanup, removal, or remediation operations or activities from third party sources outside PSRY.

1.2.5 In no event shall the Lessee ever permanently or temporarily store the following product categories without the Port's prior written approval, except as specifically authorized by federal, state, or local Environmental Law or regulation:

1. PCBs, PCB contaminated materials, and spill residues containing PCBs.
2. Asbestos, asbestos-contaminated materials, and spill residues containing asbestos.
3. Radioactive materials (as defined by state, federal, and local regulations including but not limited to United States Department of Transportation (US D.O.T.) classifications, and restrictions as defined in OAR Chapter 333, Division 100-005 (51) or as defined by Oregon Health Division.

4. Explosive materials and flammable solids (US D.O.T. Classification).
5. Poison Gases (Poison A, US D.O.T. classification).
6. Reactive materials (Defined by RCRA characteristic or reactivity).
7. Medical, biological, or infectious waste.

1.2.6 Lessee shall at all times exercise due care in connection with the handling of Hazardous Substances on the Premises and shall not cause or permit Hazardous Substances to be spilled, leaked, disposed of, treated, or otherwise released on the Premises.

1.2.7 Before commencing the use, generation, accumulation, storage, treatment, or other handling of Hazardous Substances on the Premises, Lessee shall provide the Port with copies of all necessary permits, authorizations and notices required by any Environmental Law as described in Section 6.3 herein, with respect to such activities. Lessee shall at all times comply with all Environmental Laws as defined in Section 6.3 herein which are applicable to the Premises or to the Lessee's activities on the Premises.

1.2.8. Lessee shall not in any manner deface or injure the Premises or any portion thereof; or overload the floors; or permit anything to be done upon the Premises which would cause an increase in the Fire Insurance rating to the building; or commit any nuisance in or about the Premises; or to use or permit the use of the Premises for lodging or sleeping purposes or for any illegal purposes. Lessee shall comply at Lessee's own cost and expense with all orders, notices, regulations, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 1.3 - Appurtenant Rights:

1.3.1 Lessee, its customers, agents, representatives, suppliers, and invitees and subcontractors authorized to be operating in the yard shall have the non-exclusive right to use the Common Areas, such right to be in common with others to whom the Port has granted or may grant such similar right. The term "Common Areas," as used herein, shall mean the roadways, pedestrian walkways, alleyways, driveways, delivery areas, trash removal areas, and any other areas, except for berth and drydock lay down areas, where such areas have been

designated by the Port as areas to be used by tenants of the Port or those having Facility Agreements in common with other tenants and users of the Port, provided that nothing stated herein shall prohibit the Port from barring from Port property any person or entity which fails to comply with applicable laws, ordinances, rules and regulations including those adopted by the Port Commission and those adopted by the Executive Director or the Executive Director's designee.

1.3.2 In addition to any other rights granted by law, The Port and its Executive Director, or the Executive Director's designee, reserve the following specific rights with respect to the Common Areas:

1.3.2.1 To establish reasonable rules and regulations for the use of said Common Areas;

1.3.2.2 To use or permit the use of such Common Areas by others to whom the Port may grant or may have granted such rights in such manner as the Port may from time to time so grant;

1.3.2.3 To close all or any portion of the Common Areas to make repairs or changes, to prevent a dedication of the Common Areas or the accrual of any rights to any person or the public, or to discourage unpermitted use of the Common Areas;

1.3.2.4 To construct additional buildings or to alter or remove buildings or other improvements in the Common Areas and to change the layout of such Common Areas, including the right to add to or subtract from their shape and size or to change their location;

1.3.2.5 To exercise any of the Port's governmental powers over the Common Areas.

ARTICLE II. - TERM

Section 2.1 - Term: The term of this Lease shall commence on June 1, 1993 and continue month to month until terminated by either party upon thirty days' written notice or unless otherwise terminated under the provisions hereof.

24 *[Signature]*

INITIAL

ARTICLE III. - RENTAL

Section 3.1 - Basic Rent: The Lessee shall pay, in advance, to the Port as rent the sum of \$1,600.00 per month, as Basic Rent. Basic Rent includes the Port-provided utilities described in Section 4.5 of this Lease. Lessee shall pay Basic Rent for the first and last months upon the execution of this Lease.

Section 3.2 - Time and Place of Payments: Lessee shall pay the Port the Basic Rent which shall be due and payable on the first day of each month, said payments to be delinquent if not paid when due. In the event the Lease commences after the first day of a month, the Basic Rent for the first month shall be prorated based on the number of days in the month being prorated.

3.2.1 Payment shall be to the Port at The Port of Portland, Post Office Box 5095, Portland, Oregon 97208, or such other place as the Port may designate. All amounts not paid by the Lessee when due shall bear a delinquency charge at the rate of 18% per annum. The delinquency charge on overdue accounts is subject to periodic adjustment to reflect the Port's then current rate on overdue accounts.

Section 3.3 - Acceptance of Late Rent: The Port shall be entitled, at its sole and complete discretion, to either accept or reject a tender of payment of Basic Rent which is not paid when due. In the event the Port elects to accept a tender of payment of Basic Rent after the time when such payment is due, the Port may do so without thereby waiving any default based upon the failure of Lessee to make such payment when due and without waiving Lessee's continuing obligation to make such payments when required under the terms of this Lease. Lessee hereby acknowledges that this constitutes a waiver by Lessee of any argument that by accepting a late payment of Basic Rent, the Port has waived any default which is based upon such late payment or has waived Lessee's continuing obligation to make such payments when and as required by the terms of this Lease.

ARTICLE IV. - LESSEE'S OTHER OBLIGATIONS

Section 4.1 - Construction of Improvements/Alterations: The Lessee shall make no construction, alteration, or changes on or to the Premises without the prior written consent of the Port. At least thirty days prior to any approved construction, alteration, or changes upon the Premises or Improvements, Lessee shall submit to the Port architectural and mechanical final plans and specifications, site-use plan, and architectural rendering thereof and shall not commence any construction until it has received the Port's written approval. All plans for construction, alteration, or changes shall be signed by an architect or engineer licensed in the State of Oregon.

4.1.1 No such work shall be undertaken until Lessee has procured and paid for, so far as the same may be required from time to time, all municipal and other governmental permits and authorizations required with respect to the work. Procurement of such permits and authorizations shall be subsequent to Lessee's obtaining Port approval pursuant to Section 4.1.

4.1.2 All work shall be performed in a good and workmanlike manner, in conformance to all laws and regulations, and, in the case of alterations or additions to existing Improvements, shall be of such quality and type that, when completed, the value and utility of the Improvements which were changed or altered shall be not less than the value and utility of such Improvements immediately before such change or alteration. All work shall be prosecuted with reasonable dispatch.

4.1.3 Thirty days after the completion of any work under this Section 4.1, Lessee shall deliver to the Port complete and fully detailed "AS-BUILT" drawings of the completed Improvements prepared by an architect licensed in the State of Oregon.

Section 4.2 - Maintenance: Except for the Port maintenance responsibilities provided in Section 5.1 herein, the Lessee shall keep and maintain the Premises and Improvements of any kind, which may be erected, installed, or made thereon by the Lessee or the Port, in good

and substantial repair and condition and shall promptly make all necessary repairs thereto at Lessee's sole expense. Lessee shall be responsible at its own cost and expense for the maintenance of the interior of the Premises and Improvements including, but not limited to, heating units, electric lines and fixtures, flooring, partitions, walls, and ceilings. Lessee shall also be responsible for maintenance of the exterior doors and windows. The Lessee shall provide at, the Lessee's expense, proper containers and removal service for trash and garbage and shall keep the Premises free and clear of rubbish, debris, and litter at all times.

Section 4.3 - Taxes: Unless exempt, the Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the state, county, city, or any other tax-levying body upon the Premises or Improvements, upon any taxable interest by Lessee acquired in this Lease, or any taxable possessory right which Lessee may have in or to the Premises or the Improvements thereon by reason or its occupancy thereof, as well as all taxes on all taxable property, real or personal, owned by the Lessee in or about said Premises. Upon making such payments, the Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. The Lessee understands that Port property is exempt from property taxation until leased to a taxable entity. In the event the term of this Lease or any extension thereof shall end after June 30 of any year, the Lessee shall be responsible for payment of property taxes for the entire tax year without proration or, in the event of any change in property tax law, for any taxes due under such law.

Section 4.4 - Liens: The Lessee agrees to pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, utilities, furnishings, machinery, or equipment which have been furnished or ordered with the Lessee's consent to be furnished to or for the Lessee in, upon, or about the Premises or Improvements, which may be secured by any mechanic's, materials men's, or other lien against the Premises or Improvements or the Port's interest therein, and will cause each such

lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Lessee may in good faith contest any mechanics or other liens filed or established, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest, provided that the Port may require the Lessee to procure a payment bond in the amount of the contested lien.

Section 4.5 - Utilities: The Lessee shall promptly pay any charges for telephone, and all other charges for utilities which may be furnished to the Premises or Improvements at the request of or for the benefit of Lessee, except for lighting, heating, electricity, water, and sanitary sewer which shall be provided by the Port and paid for by Lessee as provided in Section 3.1 of this Lease.

4.5.1 In no event shall the Lessee overload the electrical circuits from which the Lessee obtains current.

Section 4.6 - Advertisement Signs: Subject to the provisions hereof, the Lessee shall have the right to install or cause to be installed appropriate signs on the Premises to advertise the nature of its business. The cost for installation and operation of such signs shall be borne by the Lessee. The Lessee shall not erect, install, nor permit to be erected, installed or operated upon the Premises herein any sign or other advertising device without having first obtained the Port's written consent thereto which shall not be unreasonably withheld, as to size, construction, location, and general appearance. All such installations shall be in accordance with the Portland Ship Repair Yard Signing Standards as adopted by the Port from time to time.

Section 4.7 - Safety Requirements:

4.7.1 The Lessee shall conduct its operations, activities and duties under this

Lease in a safe manner, and shall comply with all safety standards imposed by applicable federal, state and local laws and regulations. The Lessee shall require the observance of the foregoing by all subcontractors and all other persons transacting business with or for the Lessee in any way connected with the conduct of the Lessee pursuant to this Lease.

4.7.2 The Lessee shall exercise due and reasonable care and caution to prevent and control fire on the Premises and to that end shall provide and maintain such fire suppression and other fire protection equipment as may be required pursuant to applicable governmental laws, ordinances, statutes and codes for the purpose of protecting the Improvements adequately and restricting the spread of any fire from the Premises to any property adjacent to the Premises.

Section 4.8 - Access to Premises: Except as provided in Section 4.8.1, the Port shall at all times during ordinary business hours have the right to enter upon the Premises and Improvements for the purposes of: (1) inspecting the same; (2) confirming the performance by Lessee of its obligations under this Lease; (3) doing any other act which the Port may be obligated or have the right to perform under this Lease, or reasonably related thereto; and (4) for any other lawful purpose. Such inspections shall be made only at a mutually agreeable time to all parties except in cases of emergency or pursuant to Section 4.8.1.

4.8.1 Environmental Inspection: The Port reserves the right to inspect the Lessee's and Lessee's subtenants' management of Hazardous Substances, as defined in Section 6.3, on the Premises at any time and from time to time without notice to the Lessee or subtenant. If the Port at any time during the term of this Lease or any extension thereof has reason to believe that the Lessee or Lessee's subtenant(s) are managing Hazardous Substances in a manner that may allow contamination of any portion of the Premises, the Port may require the Lessee to furnish to the Port, at the Lessee's sole expense, an environmental audit or an environmental assessment with respect to the matters of concern to the Port. The Port shall have the right to approve the company or individual conducting said audit and the audit

procedures and shall be given an original copy of the results. Lessee shall cooperate with all such requests.

Section 4.9 - Hazardous Substances Spills and Releases: Lessee shall immediately notify the Port upon becoming aware of: (1) any leak, spill, release or disposal of a Hazardous Substance, as defined in Section 6.3, on, under or adjacent to the Premises or threat of or reasonable suspicion of any of the same; and/or (2) any notice or communication from a governmental agency or any other person directed to the Lessee or any other person relating to such Hazardous Substances on, under, or adjacent to the Premises or any violation of any federal, state, or local laws, regulations, or ordinances with respect to the Premises or activities on the Premises.

4.9.1 In the event of a leak, spill or release of a Hazardous Substance on the Premises or the threat of or reasonable suspicion of the same, Lessee shall immediately undertake all emergency response necessary to contain, clean up and remove the Hazardous Substance and shall undertake within a reasonable time all investigatory, remedial and/or removal action necessary or appropriate to ensure that any contamination by the Hazardous Substances is eliminated. The Port shall have the right to approve all investigatory, remedial and removal procedures and the company(ies) and/or individual(s) conducting said procedures. Within thirty days following completion of such investigatory, remedial and/or removal action, Lessee shall provide the Port with a certification acceptable to the Port that all such contamination has been eliminated as required by federal, state, or local law or regulations.

ARTICLE V. - PORT OBLIGATIONS AND WARRANTIES

Section 5.1 - Maintenance: Except for Lessee's maintenance obligations as described in Section 4.2 and Lessee's obligations to repair damage caused by its acts or failure to act on

the Premises, the Port shall be responsible for maintenance of the exterior walls and roof areas of the Premises, and maintenance of the exterior utility systems to the service connection points inside the Premises. Any and all maintenance and repair work not specifically described herein as the responsibility of the Port shall be the responsibility of the Lessee.

Section 5.2 - Delivery:

5.2.1 Lessee shall have the right to possession of the Premises as of the date of the term hereof. Should the Port be unable to deliver possession of the Premises on the date fixed for commencement of the term, the Lessee shall owe no rent until notice from the Port tendering possession to the Lessee. The Port shall have no liability to the Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

5.2.2 In the event the Port shall permit the Lessee to occupy the Premises prior to the occupancy date herein set forth, such occupancy shall be subject to all the provisions of this Lease.

Section 5.3 - Port's Warranty of Ownership: The Port warrants that it is the owner of the Premises and has the right to lease said Premises under the terms of this Lease. Subject to the Lessee performing all obligations of this Lease, the Lessee's possession of the Premises will not be disturbed by the Port or anyone lawfully claiming by, through or under the Port and the Port will defend the Lessee's right to quiet enjoyment of the Premises from disturbance by anyone lawfully claiming by, through or under the Port.

Section 5.4 - Condition of Premises: The Port makes no warranties or representations regarding the condition or available lawful uses of the Premises. The Lessee has inspected and accepts the Premises in an "as is" condition upon taking possession, and the Port shall have no liability to the Lessee for any damage or injury caused by the condition of the Premises.

ARTICLE VI. - LIABILITY, INDEMNITY, INSURANCE, DAMAGE AND
DESTRUCTION

Section 6.1 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from the negligence of the Port. Lessee understands that the Premises are located within a ship repair yard where large vessels are repaired, sandblasted, and spray painted and such activities may create noise, odors, dusts, paint oversprays and sandblast grit. Lessee acknowledges these risks, assumes the risks for damages caused by such risks, and releases the Port from liability therefore.

Section 6.2 - General Indemnity: Lessee covenants and agrees to indemnify and hold harmless the Port, its commissioners, directors, officers, agents, and employees from and against any and all actual or potential liability, claims, demands, damages, expenses, fees (including attorneys', accountants', and paralegal fees), fines, penalties, suits, proceedings, actions, and causes of action (collectively "Costs") which may be imposed upon or incurred by the Port due to the acts or omissions of any person or entity whatsoever (excluding only the willful acts or gross negligence of the Port), and which: (1) arise from or are in any way connected with Lessee's use, occupation, management or control of the Premises whether or not due to Lessee's act or omission and whether or not occurring on the Premises; or (2) result from any breach, violation, or nonperformance by Lessee of any of its obligations under this Lease.

Section 6.3 - Hazardous Substances Indemnity: In addition to the indemnity provided in Section 6.2 above, Lessee agrees to indemnify, hold harmless, and defend the Port from and against all Costs (as defined below) incurred by the Port or assessed against the Port under Environmental Laws (as defined below), which Costs arise out of, or are in connection with,

the actual or alleged use, generation, treatment, handling, storage, discharge, transportation, or disposal of Hazardous Substances (as defined below), including any actual or alleged spill, leak or other release. As used in this Section 6.3:

(a) "Costs" shall include, but not be limited to: (i) all claims of third parties, including governmental agencies, for damages, response costs, or other relief; (ii) the cost, expense or loss to the Port of and injunctive relief, including preliminary or temporary injunctive relief, applicable to the Port or the Premises; (iii) all expenses of evaluation, testing, analysis relating to Hazardous Substances, including fees of attorneys, engineers, consultants, paralegals and experts; (iv) all expenses of reporting the existence of Hazardous Substances to any agency of the State of Oregon or the United States as required by applicable Environmental Laws; (v) any and all expenses or obligations, including attorneys' and paralegal fees, incurred at, before, and after any trial or appeal therefrom or any administrative proceeding or appeal therefrom whether or not taxable as costs, including, without limitation, attorneys' and paralegal fees, witness fees (expert and otherwise), deposition costs, copying and telephone charges and other expenses; and (vi) any damages, costs, liabilities and expenses which are claimed to be owed by any federal or state regulating and administering agency.

(b) "Environmental Laws" shall be interpreted in the broadest sense to include any and all federal, state, and local statutes, regulations, rules, and ordinances now or hereafter in effect, as the same may be amended from time to time, which govern Hazardous Substances or relating to the protection of human health, safety or the environment, including but not limited to, the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. Ch. 6901 et seq.); the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. Ch. 9601, et seq.); the Toxic Substances Control Act (15 U.S.C. Ch. 2601, et seq.); Superfund Amendment and Reauthorization Act of 1986 (SARA) (P.L. 99-499, October 17, 1986); the Solid Waste Disposal Act (42 U.S.C. Ch. 3251, et seq.); the Federal Insecticide, Fungicide and Rodenticide Act/Pesticide Act (7 U.S.C. Ch. 13 et seq.); the Safe Drinking

Water Act (44 U.S.C. Ch. 300 (f) et seq.); the Clean Air Act (42 U.S.C. Ch. 7401 et seq.); the Federal Water Pollution Control Act/Clean Water Act (33 U.S.C. Ch. 1251 et seq.); the Oil Pollution Control Act of 1990 (33 U.S.C. Ch. 2761 et seq.); the Oregon Revised Statutes relating to community information on hazardous waste reduction (ORS 453.307 et seq.); toxic use reduction and hazardous waste reduction (ORS 465.003 et seq.); environmental cleanup of hazardous substances, hazardous wastes, and oil contamination (ORS 465.200 et seq.); notice of environmental hazards (ORS 466.360 et seq.); use of PCBs (ORS 466.505 et seq.); spill response and cleanup of hazardous materials and oil (ORS 466.605 et seq.); underground storage tanks (ORS 466.705 et seq.); penalties for noncompliance (ORS 466.880 et seq.); water pollution control (ORS 468.691 et seq.); oil spills (ORS 468.780 et seq.); asbestos abatement (ORS 468.875 et seq.); any similar or equivalent laws; and any implementing laws, regulations, rules, and ordinances.

(c) "Hazardous Substances" shall be interpreted in the broadest sense to include any substances, materials, wastes, pollutants, oils, or regulated substances, or contaminants as are defined or designed as hazardous, toxic, radioactive, dangerous, or any other similar term in or under any of the Environmental Laws, and shall specifically include asbestos and asbestos-containing materials, petroleum products, including crude oil or any fraction thereof, and urea formaldehyde, and any other substance that, because of its quantity, concentration, or physical, chemical, or infectious characteristics, may cause or threaten a present or potential hazard to human health or the environment when improperly generated, used, stored, handled, treated, discharged, disposed of, or released.

Promptly upon written notice from the Port or from any governmental entity, Lessee shall remove from the Premises (including without limitation the soil or water table thereof), at its own cost and expense, all Hazardous Substances for which Lessee is liable under the terms of this Lease or any Environmental Law, whether in existence prior to the commencement date of this Lease or thereafter, and shall restore the Premises to clean, safe, good, and serviceable

condition. Any such cleanup shall be in conformance with all applicable governmental rules and regulations. Any costs incurred by or assessed against the Port shall be paid by Lessee promptly after the Port incurs the obligation to pay such amounts or determines that an assessment is duly owing and so notifies the Lessee. As used in this Paragraph, "Premises" shall be deemed to include the soil and water table thereof.

Section 6.4 - Duty to Defend: Lessee shall, at its sole expense, defend any and all actions, suits, and proceedings relating to matters covered by the indemnity set forth in Sections 6.2 and 6.3 which may be brought against the Port or in which the Port may impleaded, and shall satisfy, pay, and discharge any and all judgments, orders, and decrees that may be entered against the Port in any such action or proceeding.

Section 6.5 - Insurance:

6.5.1 The Lessee shall maintain an occurrence form commercial general and automobile liability insurance policy or policies including a fire legal liability endorsement for the protection of Lessee and the Port, its commissioners, directors, officers, servants, and employees, insuring the Lessee and the Port against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises or occasioned by reason of the operations of the Lessee on or from the Premises with insurance of not less than \$1,000,000 combined single limit.

6.5.2 Lessee shall maintain in force Workers' Compensation insurance, including coverage for Employer's Liability and, if applicable, The Longshoremen's and Harbor Workers' Compensation Act.

6.5.3 All insurance shall name the Port, its commissioners, officers, and employees as additional insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by

Lessee.

6.5.4 The Lessee shall furnish to the Port a certificate(s) of insurance evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance shall remain in full force during the term hereof and shall provide for not less than 30 (thirty) days written notice to the Port and the Lessee before such policies may be revised, non renewed, or canceled. Upon request, the Lessee shall provide the Port with a copy or copies of any insurance policy provided pursuant to this Lease.

6.5.5 The Port shall have the right to review the coverage and limits of insurance required herein from time to time. In the event the Port determines that such limits should be modified, the Port will provide 30 days notice to the Lessee of such determination and the Lessee shall, if the coverage is expanded and/or limits are increased, modify its coverage to comply with the new limits and provide the Port with an updated certificate.

Section 6.6 - Waiver of Subrogation: Except as limited in this Section 6.6, the Port and the Lessee agree that each waives any right of action that it may later acquire against the other party to this Lease for loss or damage to that party's property, or to property in which the party may have an interest, to the extent that such loss is covered by any insurance policy or policies and to the extent that proceeds (which proceeds are free and clear of any interest of third parties) are received by the party claiming the loss or damage. This waiver of subrogation shall not extend to any applicable deductible under such policy or policies.

ARTICLE VII. - TERMINATION

Section 7.1 - Termination by the Port: The Port shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.2 - Termination by Lessee: The Lessee shall be entitled to terminate this Lease, or possession of the Premises under this Lease as provided herein and as otherwise provided by law.

Section 7.3 - Duties on Termination: Upon termination of the Lease, or termination of possession for any reason, the Lessee shall deliver all keys to the Port and surrender the Premises and improvements in good condition. Alterations, including but not limited to electrical systems, constructed by the Lessee with permission from the Port shall not be removed, unless the terms of permission for the alteration so require, but shall be restored to the original condition. Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed to the latest practical date prior to such surrender.

Section 7.4 - Title to Improvements: Subject to the provisions of Section 7.5, upon termination of this Lease by the passage of time or for any reason, the Port shall have the option to either require removal of any or all Improvements within 90 days after the expiration of the Lease at the Lessee's expense or shall have the option to take title to any or all such structures, installations, and Improvements.

Section 7.5 - Fixtures:

7.5.1 Upon termination of this Lease for any reason, any or all fixtures placed upon the Premises during the Lease Term, or any extension thereof, other than the Lessee's trade fixtures, shall, at the Port's option, become the property of the Port. Movable furniture, decorations, floor covering (other than hard surface bonded or adhesively fixed flooring), curtains, blinds, furnishing and trade fixtures shall remain the property of the Lessee if placed on the Premises by the Lessee. At or before the termination of this Lease, Lessee, at its expense, shall remove from the Premises any or all of Lessee's property required Lessee to be

removed under the terms of this Lease, and shall repair any damage to the Premises resulting from the installation or removal of such property. Any items of Lessee's property which remain on the Premises after the termination of this Lease in violation of this Section 7.5 may, at the option of the Port, be deemed abandoned. The Port shall have the option, in its sole discretion, of (a) retaining any or all of such abandoned property without any requirement to account to Lessee therefor, or (b) removing and disposing of any or all of such abandoned property and recovering the cost thereof, plus interest from the date of expenditure at the Port's then current interest rate, from Lessee upon demand.

7.5.2 If the Port so elects, Lessee shall remove any or all fixtures which would otherwise remain the property of the Port, and shall repair any physical damage resulting from the removal. If Lessee fails to remove such fixtures, the Port may do so and charge the cost to Lessee with interest at 10 percent per annum from the date of expenditure. Lessee shall remove all furnishings, furniture and trade fixtures which remain the property of Lessee. If Lessee fails to do so, this shall be an abandonment of the property, and the Port may retain the property and all rights of Lessee with respect to it shall cease or, by notice in writing given to Lessee within twenty days after removal was required, the Port may elect to hold Lessee to his obligation of removal. If the Port elects to require Lessee to remove, the Port may effect a removal and place the property in public storage for Lessee's account. Lessee shall be liable to the Port for the cost of removal, transportation to storage, and storage, with interest at the Port's then current rate on all such expenses from the date of expenditure by the Port.

7.5.3 The time for removal of any property or fixtures which the Lessee is required to remove from the Premises upon termination shall be as follows: (1) on or before the date the Lease terminates as provided herein; or (2) within 30 days after notice from the Port requiring such removal where the property to be removed is a fixture which the Lessee is not required to remove except after such notice by the Port, and such date would fall after the date on which the Lessee would be required to remove other property.

Section 7.6 - Environmental Audit: The Port may, at or near the expiration of this Lease by time or other termination, require the Lessee to conduct, at its cost, an environmental audit of the Premises acceptable to the Port to determine if any environmental contamination exists on the Premises. The Port shall have the right to approve the audit procedures and the company or individual conducting said audit and shall be given an original copy of the results. Lessee shall provide to the Port a supplemental update report as of the last day of the Lease Term. The Lessee shall promptly remedy any contamination revealed by such audit in accordance with the then applicable regulations prior to the expiration of the Lease Term. Lessee, upon termination of the Lease for any reason other than expiration of time, shall conduct the environmental audit as required by this Section. The Port, if necessary, will grant Lessee a Permit of Entry for such purpose. In the event the Lessee fails to promptly remedy the contamination, the Port shall have the right to remedy such contamination and charge the Lessee all such costs. The Lessee agrees to pay to Port such costs within 30 days after receipt of invoice from the Port, such right to be in addition to any other remedy available to the Port as provided herein, at law, or by equity.

7.6.1 If the Lessee does not conduct said audit as required herein, the Port may, at its sole option, complete said audit at the Lessee's expense. Until said audit and any remedial actions as required to restore the Premises to an acceptable condition are completed, the Lessee shall not be released from any liability for such costs.

ARTICLE VIII. - DEFAULT

Section 8.1 - Events of Default: The following shall be events of default:

8.1.1 Default in Rent: Failure of the Lessee to pay any rent or other charge as provided herein within 10 days after it is due. Lessee's liability to the Port for default shall survive termination of this Lease.

8.1.2 Default in Other Covenants: Failure of the Lessee to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within thirty days after written notice by the Port specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the thirty day period, this provision shall be complied with if the Lessee begins correction of the default within the thirty day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

8.1.3 Insolvency: To the extent permitted by the United States Bankruptcy Code, insolvency of the Lessee; an assignment by the Lessee for the benefit of creditors; the filing by the Lessee of a voluntary petition in bankruptcy; an adjudication that the Lessee is bankrupt or the appointment of a receiver of the properties of the Lessee and the receiver is not discharged within thirty days; the filing of an involuntary petition of bankruptcy and failure of the Lessee to secure a dismissal of the petition within thirty days after filing; attachment of or the levying of execution on the leasehold interest and failure of the Lessee to secure discharge of the attachment or release of the levy of execution within ten days.

8.1.4 Failure to Occupy: Failure of the Lessee for 30 days or more to occupy the premises for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease.

8.1.5 Correction of Emergency Lessee fails to immediately commence correction and control of an emergency upon notice from the Port. As used herein, "Emergency" shall mean any activity, cause or effect under the control or direction of Lessee, its employees, agents, invitees, guests, or subcontractors involving the health, safety, or general welfare of persons or property.

Section 8.2 - Remedies on Default:

8.2.1 In the event of a default under the provisions of Section 8.1.1, 8.1.2, 8.1.3, 8.1.4, and 8.1.5 the Port at its option may terminate the Lease and at any time may

exercise any other remedies available under law or equity for such default. Any notice to terminate may be given before or within the grace period for default and may be included in a notice of failure of compliance. In addition to remedies provided herein, in the event an Emergency, as defined in Section 8.1.5, is not brought under control to the reasonable satisfaction of the Port, the Port may remedy, cure, or bring the Emergency under control without written notice and charge the Lessee all costs associated with such action. No termination of this Lease pursuant to this Section 8.2 shall relieve Lessee of its liabilities and obligations under this Lease, and any damages shall survive any such termination.

8.2.2 Suit(s) or action(s) for the recovery of the rents and other amounts and damages, or for the recovery of possession may be brought by the Port, from time to time, at the Port's election, and nothing in this Lease will be deemed to require the Port to await the date on which the Lease Term expires. Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity or by statute or otherwise, including, without limitation, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Port of any such rights or remedies will not preclude the simultaneous or later exercise by Port of any other such rights or remedies. All such rights and remedies are non-exclusive.

ARTICLE IX. - GENERAL PROVISIONS

Section 9.1 - Assignment and Sublease:

9.1.1 This Lease is personal to the Port and the Lessee. Except as provided herein, no part of the Premises nor any interest in this Lease may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conveyed or conferred on any third person by any other means, without the prior written consent of the Port. Any assignment or attempted assignment without the Port's prior written consent shall be void. This provision shall apply to all transfers by operation of law. If the Lessee is a corporation,

this provision shall apply to any sale of a controlling interest in the stock of the corporation.

9.1.2 Consent in one instance shall not prevent this provision from applying to a subsequent instance.

9.1.3 In determining whether to consent to sublease, the Port may consider any factor, including the following factors: financial ability; business experience; intended use; value of sublease or assignment. The Port may require increased rental to compensate for additional value prior to consent.

Section 9.2 - Non waiver: Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

Section 9.3 - Attorney's Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 9.4 - Law of Oregon: This Lease shall be governed by the laws of the State of Oregon. To the extent applicable, the contract provisions required by ORS Chapter 279 to be included in public contracts are hereby incorporated by reference and shall become a part of this Lease as if fully set forth herein verbatim.

Section 9.5 - Adherence to Law: The Lessee shall adhere to all applicable Federal, State, and local laws, rules, regulations, and ordinances, including but not limited to (1) laws governing its relationship with its employees, including but not limited to laws, rules, regulations, and policies concerning Worker's Compensation, and minimum and prevailing wage requirements; (2) laws, rules, regulations and policies relative to occupational safety and

health, (3) all federal, state, regional and local laws, environmental laws: and(4) all ordinances and rules adopted by Port Commission and all rules and regulations adopted by the Port's Executive Director or the Executive Director's designee.

9.5.1 Lessee shall not use or allow the use of the Premises or any part thereof for any unlawful purpose or in violation of any certificate of occupancy, any certificate of compliance, or of any other certificate, law, statute, ordinance, or regulation covering or affecting the use of the Premises or any part thereof. Lessee shall not permit any act to be done or any condition to exist on the Premises or any part thereof which may be hazardous, which may constitute a nuisance, or which may void or make voidable any policy of insurance in force with respect to the Premises.

9.5.2 The Lessee shall promptly provide to the Port copies of all notices or other communications between the Lessee and any governmental entity which relate to the Lessee's noncompliance or alleged noncompliance with any law, ordinance, regulation, condition, or other applicable requirement lawfully imposed by any agency, governmental body, or quasi-governmental body having jurisdiction over the Lessee's use of the Premises.

9.5.3 Lessee shall obtain, and promptly advise the Port of receipt of all federal, state, or local governmental approvals or permits required by law or regulation for any activity or construction that Lessee may undertake on the Premises. Lessee shall provide the Port with copies of all such approvals and permits received by Lessee.

9.5.4 Any subleases approved by the Port as provided in this Lease shall contain a provision substantially similar to the terms of this Section 9.5 or incorporating such terms into the sublease.

Section 9.6 - Time of Essence: Time is of the essence of each and every covenant and condition of this Lease.

Section 9.7 - Warranty of Authority: The individuals executing this Agreement warrant that they have full authority to execute this Lease on behalf of the entity for whom they are acting herein.

Section 9.8 - Headings: The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this Lease.

Section 9.9 - Consent of Port:

9.9.1 Subject to the provisions of Section 9.1, whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval, or direction shall be received in writing from an authorized representative of The Port of Portland.

9.9.2 If Lessee requests the Port's consent or approval pursuant to any provision of the Lease and the Port fails or refuses to give such consent, Lessee shall not be entitled to any damages as a result of such failure or refusal, whether or not unreasonable, it being intended the Lessee's sole remedy shall be an action for specific performance or injunction, and that such remedy shall be available only in those cases in which the Port has in fact acted unreasonably and has expressly agreed in writing not unreasonably to withhold its consent or may not unreasonably withhold its consent as a matter of law.

Section 9.10 - Notices: All notices required under this Lease shall be deemed to be properly delivered if delivered personally or sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, Post Office Box 3529, Portland, Oregon 97208, Attn: PSRY Contracts Manager, or delivered personally at 5555 N. Channel Ave., Bldg. 50, Portland, Oregon, 97217, Attn: PSRY Contracts Manager, and to

the Lessee at 4104 West Marginal Way SW, Seattle, WA 98106. Date of delivery of such notice is date such notice is personally delivered or deposited in a post office of the United States Post Office Department, postage prepaid.

Section 9.11 - Modification: Any modification of the Lease shall be mutually agreed upon and reduced to writing and shall not be effective until signed by the parties hereto.

Section 9.12 - No Benefit to Third Parties: The Port and the Lessee are the only parties to this Lease and as such are the only parties entitled to enforce its terms. Nothing in this Lease gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

Section 9.13 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 9.14 - Regulations: The Port, its Executive Director, or the Executive Director's designee, may, from time to time, adopt and enforce rules and regulations with respect to the use of the Premises and/or use of the PSRY, which Lessee agrees to observe and obey.

Section 9.15 - Partial Invalidity: If any provision of this Lease or the application thereof to any person or circumstance is at any time or to any extent, held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 9.16 - Survival: All agreements (including, but not limited to, indemnification agreements) set forth in this Lease, the full performance of which are not required prior to the expiration or earlier termination of this Lease, and all covenants which by their terms are to survive, shall survive the expiration or earlier termination of this Lease and be fully enforceable thereafter.

Section 9.17 - Entire Agreement: It is understood and agreed that this instrument contains the entire Agreement between the parties hereto. It is further understood and agreed by the Lessee that the Port and the Port's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except as in this Agreement expressly set forth, and that no claim or liability or cause for termination shall be asserted by the lessee against the Port for, and the Port shall not be liable by reason of, the breach of any representations or promises not expressly stated in this Agreement, any other oral agreement with the Port being expressly waived by the Lessee.

IN WITNESS HEREOF, the parties hereto have subscribed their names hereto the year and date first written above.

LESSEE

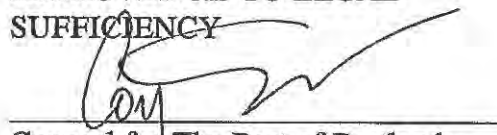
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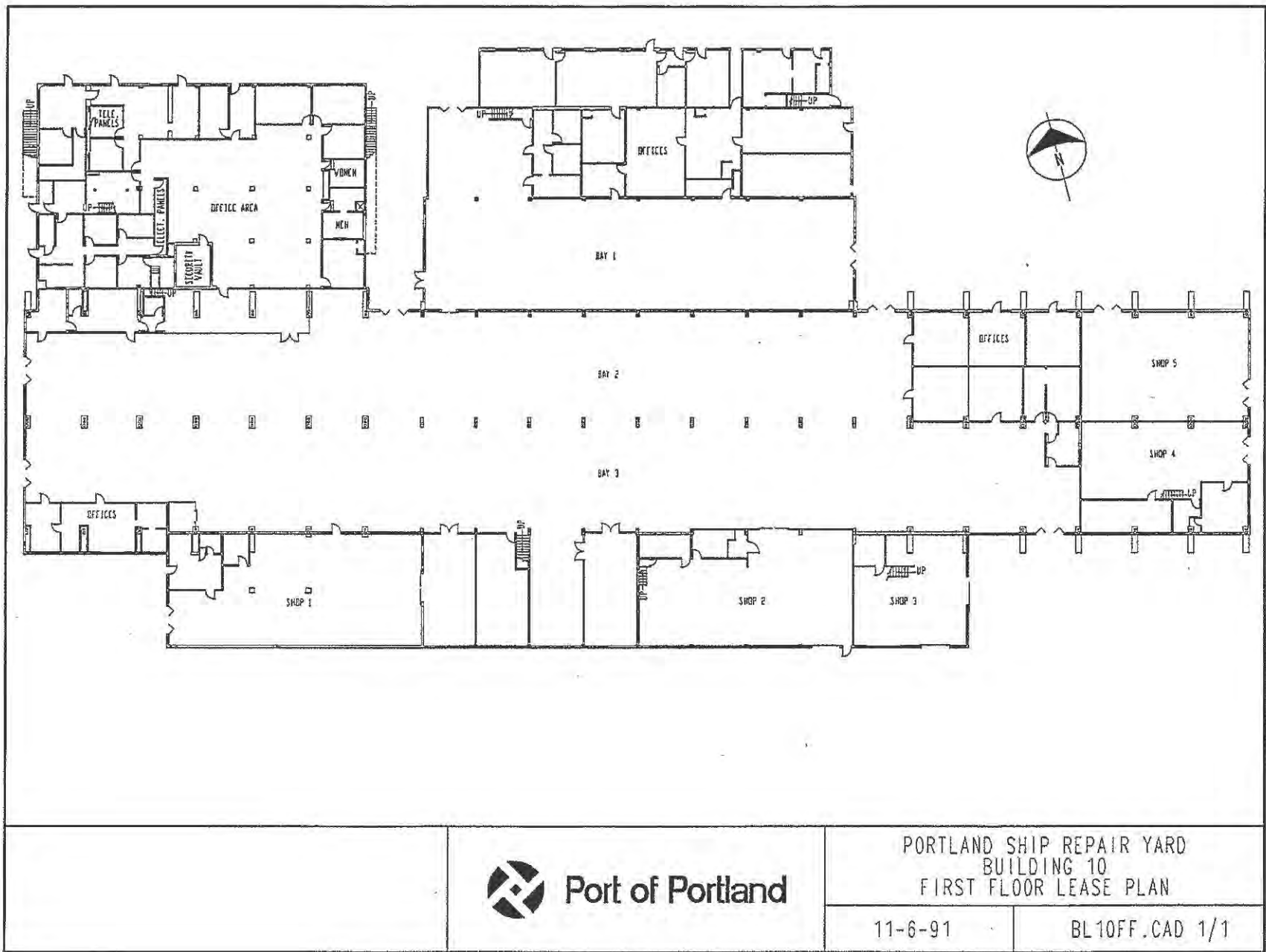
THE PORT OF PORTLAND

By 
Executive Director

APPROVED AS TO LEGAL
SUFFICIENCY


Counsel for The Port of Portland

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MONTH-TO-MONTH
LEASE OF IMPROVED SPACE BETWEEN
THE PORT OF PORTLAND
AND
HAZMAT SOLUTIONS, INC.

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MONTH-TO-MONTH
LEASE OF IMPROVED SPACE

THIS LEASE, dated as of the 22nd day of April 1994, is entered into by and between THE PORT OF PORTLAND, a port district of the State of Oregon (hereinafter referred to as "Port"), and HAZMAT SOLUTIONS, INC., a corporation organized under the laws of the State of Oregon (hereinafter referred to as "Lessee"), for lease of certain described Premises located at the Portland Ship Yard, Swan Island ("PSY").

ARTICLE I. - AGREEMENT TO LEASE, DESCRIPTION OF PREMISES

Section 1.1 - Description of Premises: The Port leases to Lessee, and Lessee leases from the Port, on the terms and conditions stated herein, the Premises consisting of approximately 440 square feet of improved space on the second floor in the structure commonly known as Building 10, and one (1) parking space (hereinafter referred to as "Premises") as shown on Exhibit A, attached hereto and made a part hereof. Upon construction or installation of additional improvements approved by the Port as provided in this Lease, in, under or upon the Premises (collectively "Improvements"), such Improvement(s) shall become a part of the Premises, except to the extent specifically excluded under the terms of this Lease.

Section 1.2 - Use of Premises:

1.2.1 Lessee shall use the Premises only for the following purpose: offices in support of Lessee's business as a hazardous materials training and environmental consultant. No paints, thinners or solvents may be stored on the Premises.

1.2.2 No other use may be made of the Premises without the written approval of the Port. Except as a necessary and incidental use in conjunction with the use authorized for the

Premises pursuant to Section 1.2.1 above, no use may be made of, on, or from the Premises relating to the handling, storage, disposal, transportation, or discharge of Hazardous Substances as defined in Section 6.3 below. Under no circumstances shall any use be made of, or conduct occur on, the Premises which would cause the Premises, or any part thereof, or the Building, Improvements, or the facility of which they are a part, to be deemed a hazardous waste treatment, storage, or disposal facility requiring a permit, interim status, or any other special authorization under any Environmental Law as defined in Section 6.3 below.

1.2.3 The Port shall have the option, but shall not be required to, request the Lessee to provide the Port with a list of all materials and activities which are or foreseeably will occur on the Premises which might constitute an environmental liability. Under no circumstances shall the Port be liable for failure to request or update said list.

1.2.4 In no event shall Lessee store, handle, transport, dispose, or treat any Hazardous Substances on the Premises which are generated by or from cleanup, removal, or remediation operations or activities from third party sources outside PSY.

1.2.5 In no event shall the Lessee ever permanently or temporarily store the following product categories without the Port's prior written approval, except as specifically authorized by federal, state, or local Environmental Law or regulation:

1. PCBs, PCB contaminated materials, and spill residues containing PCBs.
2. Asbestos, asbestos-contaminated materials, and spill residues containing asbestos.
3. Radioactive materials (as defined by state, federal, and local regulations including but not limited to United States Department of Transportation (US D.O.T.) classifications, and restrictions as defined in OAR Chapter 333, Division 100-005 (51) or as defined by Oregon Health Division).
4. Explosive materials and flammable solids (US D.O.T. Classification).
5. Poison Gases (Poison A, US D.O.T. classification).
6. Reactive materials (Defined by RCRA characteristic or reactivity).
7. Medical, biological, or infectious waste.

1.2.6 Lessee shall at all times exercise due care in connection with the handling of Hazardous Substances on the Premises and shall not cause or permit Hazardous Substances to be spilled, leaked, disposed of, treated, or otherwise released on the Premises.

1.2.7 Before commencing the use, generation, accumulation, storage, treatment, or other handling of Hazardous Substances on the Premises, Lessee shall provide the Port with copies of all necessary permits, authorizations and notices required by any Environmental Law as described in Section 6.3 herein, with respect to such activities. Lessee shall at all times comply with all Environmental Laws as defined in Section 6.3 herein which are applicable to the Premises or to the Lessee's activities on the Premises.

1.2.8 Lessee shall not in any manner deface or injure the Premises or any portion thereof; or overload the floors; or permit anything to be done upon the Premises which would cause an increase in the Fire Insurance rating to the building; or commit any nuisance in or about the Premises; or use or permit the use of the Premises for lodging or sleeping purposes or for any illegal purposes. Lessee shall comply at Lessee's own cost and expense with all orders, notices, regulations, or requirements of any municipality, state, or other governmental authority respecting the use of said Premises.

Section 1.3 - Appurtenant Rights:

1.3.1 Lessee, its customers, agents, representatives, suppliers, and invitees and subcontractors authorized to be operating in the Yard shall have the non-exclusive right to use the Common Areas, such right to be in common with others to whom the Port has granted or may grant such similar right. The term "Common Areas," as used herein, shall mean the roadways, pedestrian walkways, alleyways, driveways, delivery areas, trash removal areas, and any other areas, except for berth and drydock lay down areas, where such areas have been designated by the Port as areas to be used by tenants of the Port or those having Facility Agreements in common with other tenants and users of the Port, provided that nothing stated herein shall prohibit the Port from barring from Port property any person or entity which fails to comply with applicable laws,

ordinances, rules and regulations including those adopted by the Port Commission and those adopted by the Executive Director or the Executive Director's designee.

1.3.2 In addition to any other rights granted by law, the Port and its Executive Director, or the Executive Director's designee, reserve the following specific rights with respect to the Common Areas:

1.3.2.1 To establish reasonable rules and regulations for the use of said Common Areas;

1.3.2.2 To use or permit the use of such Common Areas by others to whom the Port may grant or may have granted such rights in such manner as the Port may from time to time so grant;

1.3.2.3 To close all or any portion of the Common Areas to make repairs or changes, to prevent a dedication of the Common Areas or the accrual of any rights to any person or the public, or to discourage unpermitted use of the Common Areas;

1.3.2.4 To construct additional buildings or to alter or remove buildings or other improvements in the Common Areas and to change the layout of such Common Areas, including the right to add to or subtract from their shape and size or to change their location;

1.3.2.5 To exercise any of the Port's governmental powers over the Common Areas.

ARTICLE II. - TERM

Section 2.1 - Term: The term of this Lease shall commence on April 20, 1994 and continue month to month until terminated by either party upon thirty days' written notice or unless otherwise terminated under the provisions hereof.

ARTICLE III. - RENTAL

Section 3.1 - Basic Rent: The Lessee shall pay, in advance, to the Port as rent the sum of \$364.00 per month, as Basic Rent. Basic Rent is based upon the following: 440 square feet of office space at \$0.65 per square foot per month, one parking space at \$12.00 per month, and \$66.00 per month for Port-provided utilities described in Section 4.5 of this Lease. Lessee shall pay Basic Rent for the first and last months upon the execution of this Lease.

Section 3.2 - Time and Place of Payments: Lessee shall pay the Port the Basic Rent which shall be due and payable on the first day of each month, said payments to be delinquent if not paid when due. In the event the Lease commences after the first day of a month, the Basic Rent for the first month shall be prorated based on the number of days in the month being prorated.

3.2.1 Payment shall be to the Port at The Port of Portland, Post Office Box 5095, Portland, Oregon 97208, or such other place as the Port may designate. All amounts not paid by the Lessee when due shall bear a delinquency charge at the rate of 18% per annum. The delinquency charge on overdue accounts is subject to periodic adjustment to reflect the Port's then current rate on overdue accounts.

Section 3.3 - Acceptance of Late Rent: The Port shall be entitled, at its sole and complete discretion, to either accept or reject a tender of payment of Basic Rent which is not paid when due. In the event the Port elects to accept a tender of payment of Basic Rent after the time when such payment is due, the Port may do so without thereby waiving any default based upon the failure of Lessee to make such payment when due and without waiving Lessee's continuing obligation to make such payments when required under the terms of this Lease. Lessee hereby acknowledges that this constitutes a waiver by Lessee of any argument that by accepting a late payment of Basic Rent, the Port has waived any default which is based upon such late payment or

has waived Lessee's continuing obligation to make such payments when and as required by the terms of this Lease.

ARTICLE IV. - LESSEE'S OTHER OBLIGATIONS

Section 4.1 - Construction of Improvements/Alterations: The Lessee shall make no construction, alteration, or changes on or to the Premises without the prior written consent of the Port. At least thirty days prior to any approved construction, alteration, or changes upon the Premises or Improvements, Lessee shall submit to the Port architectural and mechanical final plans and specifications, site-use plan, and architectural rendering thereof and shall not commence any construction until it has received the Port's written approval. All plans for construction, alteration, or changes shall be signed by an architect or engineer licensed in the State of Oregon.

4.1.1 No such work shall be undertaken until Lessee has procured and paid for, so far as the same may be required from time to time, all municipal and other governmental permits and authorizations required with respect to the work. Procurement of such permits and authorizations shall be subsequent to Lessee's obtaining Port approval pursuant to Section 4.1.

4.1.2 All work shall be performed in a good and workmanlike manner, in conformance to all laws and regulations, and, in the case of alterations or additions to existing Improvements, shall be of such quality and type that, when completed, the value and utility of the Improvements which were changed or altered shall be not less than the value and utility of such Improvements immediately before such change or alteration. All work shall be prosecuted with reasonable dispatch.

4.1.3 Thirty days after the completion of any work under this Section 4.1, Lessee shall deliver to the Port complete and fully detailed "AS-BUILT" drawings of the completed Improvements prepared by an architect licensed in the State of Oregon.

Section 4.2 - Maintenance: Except for the Port maintenance responsibilities provided in Section 5.1 herein, the Lessee shall keep and maintain the Premises and Improvements of any kind, which may be erected, installed, or made thereon by the Lessee or the Port, in good and substantial repair and condition and shall promptly make all necessary repairs thereto at Lessee's sole expense. Lessee shall be responsible at its own cost and expense for the maintenance of the interior of the Premises and Improvements including, but not limited to, electric lines and fixtures, flooring, partitions, walls, and ceilings. Lessee shall also be responsible for maintenance of the exterior doors and windows. The Lessee shall provide, at the Lessee's expense, proper containers and removal service for trash and garbage and shall keep the Premises free and clear of rubbish, debris, and litter at all times.

Section 4.3 - Taxes: Unless exempt, the Lessee agrees to pay all lawful taxes and assessments which during the term hereof or any extension may become a lien or which may be levied by the state, county, city, or any other tax-levying body upon the Premises or Improvements, upon any taxable interest by Lessee acquired in this Lease, or any taxable possessory right which Lessee may have in or to the Premises or the Improvements thereon by reason of its occupancy thereof, as well as all taxes on all taxable property, real or personal, owned by the Lessee in or about said Premises. Upon making such payments, the Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. The Lessee understands that Port property is exempt from property taxation until leased to a taxable entity. In the event the term of this Lease or any extension thereof shall end after June 30 of any year, the Lessee shall be responsible for payment of property taxes for the entire tax year without proration or, in the event of any change in property tax law, for any taxes due under such law.

Section 4.4 - Liens: The Lessee agrees to pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, utilities, furnishings, machinery, or equipment which have been furnished or ordered with the Lessee's

consent to be furnished to or for the Lessee in, upon, or about the Premises or Improvements, which may be secured by any mechanic's, materialmen's, or other lien against the Premises or Improvements or the Port's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Lessee may in good faith contest any mechanics or other liens filed or established, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest, provided that the Port may require the Lessee to procure a payment bond in the amount of the contested lien.

Section 4.5 - Utilities: The Lessee shall promptly pay any charges for telephone, and all other charges for utilities which may be furnished to the Premises or Improvements at the request of or for the benefit of Lessee, except for electricity to the office, which shall be provided by the Port and paid for by Lessee as provided in Section 3.1 of this Lease.

4.5.1 Lessee shall not, without the Port's consent, operate or install any electrical equipment or operate or install any machinery or mechanical device on said Premises other than that normal to office use. In no event shall Lessee overload the electrical circuits from which the Lessee obtains current.

Section 4.6 - Advertisement Signs: Subject to the provisions hereof, the Lessee shall have the right to install or cause to be installed appropriate signs on the Premises to advertise the nature of its business. The cost for installation and operation of such signs shall be borne by the Lessee. The Lessee shall not erect, install, nor permit to be erected, installed or operated upon the Premises herein any sign or other advertising device without having first obtained the Port's written consent thereto, which shall not be unreasonably withheld, as to size, construction, location, and general appearance. All such installations shall be in accordance with the Portland Ship Yard Signing Standards as adopted by the Port from time to time.

Section 4.7 - Safety Requirements:

4.7.1 The Lessee shall conduct its operations, activities and duties under this Lease in a safe manner, and shall comply with all safety standards imposed by applicable federal, state and local laws and regulations. The Lessee shall require the observance of the foregoing by all subcontractors and all other persons transacting business with or for the Lessee in any way connected with the conduct of the Lessee pursuant to this Lease.

4.7.2 The Lessee shall exercise due and reasonable care and caution to prevent and control fire on the Premises and to that end shall provide and maintain such fire suppression and other fire protection equipment as may be required pursuant to applicable governmental laws, ordinances, statutes and codes for the purpose of protecting the Improvements adequately and restricting the spread of any fire from the Premises to any property adjacent to the Premises.

Section 4.8 - Access to Premises: Except as provided in Section 4.8.1, the Port shall at all times during ordinary business hours have the right to enter upon the Premises and Improvements for the purposes of: (1) inspecting the same; (2) confirming the performance by Lessee of its obligations under this Lease; (3) doing any other act which the Port may be obligated or have the right to perform under this Lease, or reasonably related thereto; and (4) for any other lawful purpose. Such inspections shall be made only at a mutually agreeable time to all parties except in cases of emergency or pursuant to Section 4.8.1.

4.8.1 Environmental Inspection: The Port reserves the right to inspect the Lessee's and Lessee's subtenants' management of Hazardous Substances, as defined in Section 6.3, on the Premises at any time and from time to time without notice to the Lessee or subtenant. If the Port at any time during the term of this Lease or any extension thereof has reason to believe that the Lessee or Lessee's subtenant(s) are managing Hazardous Substances in a manner that may allow contamination of any portion of the Premises, the Port may require the Lessee to furnish to the Port, at the Lessee's sole expense, an environmental audit or an environmental assessment with respect to the matters of concern to the Port. The Port shall have the right to approve the

company or individual conducting said audit and the audit procedures and shall be given an original copy of the results. Lessee shall cooperate with all such requests.

Section 4.9 - Hazardous Substances Spills and Releases: Lessee shall immediately notify the Port upon becoming aware of: (1) any leak, spill, release or disposal of a Hazardous Substance, as defined in Section 6.3, on, under or adjacent to the Premises or threat of or reasonable suspicion of any of the same; and/or (2) any notice or communication from a governmental agency or any other person directed to the Lessee or any other person relating to such Hazardous Substances on, under, or adjacent to the Premises or any violation of any federal, state, or local laws, regulations, or ordinances with respect to the Premises or activities on the Premises.

4.9.1 In the event of a leak, spill or release of a Hazardous Substance on the Premises or the threat of or reasonable suspicion of the same, Lessee shall immediately undertake all emergency response necessary to contain, clean up and remove the Hazardous Substance and shall undertake within a reasonable time all investigatory, remedial and/or removal action necessary or appropriate to ensure that any contamination by the Hazardous Substances is eliminated. The Port shall have the right to approve all investigatory, remedial and removal procedures and the company(ies) and/or individual(s) conducting said procedures. Within thirty days following completion of such investigatory, remedial and/or removal action, Lessee shall provide the Port with a certification acceptable to the Port that all such contamination has been eliminated as required by federal, state, or local law or regulations.

ARTICLE V. - PORT OBLIGATIONS AND WARRANTIES

Section 5.1 - Maintenance: Except for Lessee's maintenance obligations as described in Section 4.2 and Lessee's obligations to repair damage caused by its acts or failure to act on the Premises, the Port shall be responsible for maintenance of the exterior walls and roof areas of the

Premises, and maintenance of the exterior utility systems to the service connection points inside the Premises. Any and all maintenance and repair work not specifically described herein as the responsibility of the Port shall be the responsibility of the Lessee.

Section 5.2 - Delivery:

5.2.1 Lessee shall have the right to possession of the Premises as of the date of the term hereof. Should the Port be unable to deliver possession of the Premises on the date fixed for commencement of the term, the Lessee shall owe no rent until notice from the Port tendering possession to the Lessee. The Port shall have no liability to the Lessee for delay in delivering possession, nor shall such delay extend the term of this Lease in any manner.

5.2.2 In the event the Port shall permit the Lessee to occupy the Premises prior to the occupancy date herein set forth, such occupancy shall be subject to all the provisions of this Lease.

Section 5.3 - Port's Warranty of Ownership: The Port warrants that it is the owner of the Premises and has the right to lease said Premises under the terms of this Lease. Subject to the Lessee performing all obligations of this Lease, the Lessee's possession of the Premises will not be disturbed by the Port or anyone lawfully claiming by, through or under the Port and the Port will defend the Lessee's right to quiet enjoyment of the Premises from disturbance by anyone lawfully claiming by, through or under the Port.

Section 5.4 - Condition of Premises: The Port makes no warranties or representations regarding the condition or available lawful uses of the Premises. The Lessee has inspected and accepts the Premises in an "as is" condition upon taking possession, and the Port shall have no liability to the Lessee for any damage or injury caused by the condition of the Premises.

ARTICLE VI. - LIABILITY, INDEMNITY, INSURANCE, DAMAGE AND DESTRUCTION

Section 6.1 - Liability: The Port shall not be liable to the Lessee for damage to person or property resulting from the negligence of a co-tenant or anyone else other than the Port, or for any damage to person or property resulting from any condition of the Premises or other cause, including but not limited to damage by water, not resulting from the negligence of the Port. Lessee understands that the Premises are located within a ship repair yard where large vessels are repaired, sandblasted, and spray painted and such activities may create noise, odors, dusts, paint oversprays and sandblast grit. Lessee acknowledges these risks, assumes the risks for damages caused by such risks, and releases the Port from liability therefore.

Section 6.2 - General Indemnity: Lessee covenants and agrees to indemnify and hold harmless the Port, its commissioners, directors, officers, agents, and employees from and against any and all actual or potential liability, claims, demands, damages, expenses, fees (including attorneys', accountants', and paralegal fees), fines, penalties, suits, proceedings, actions, and causes of action (collectively "Costs") which may be imposed upon or incurred by the Port due to the acts or omissions of any person or entity whatsoever (excluding only the willful acts or gross negligence of the Port), and which: (1) arise from or are in any way connected with Lessee's use, occupation, management or control of the Premises whether or not due to Lessee's act or omission and whether or not occurring on the Premises; or (2) result from any breach, violation, or nonperformance by Lessee of any of its obligations under this Lease.

Section 6.3 - Hazardous Substances Indemnity: In addition to the indemnity provided in Section 6.2 above, Lessee agrees to indemnify, hold harmless, and defend the Port from and against all Costs (as defined below) incurred by the Port or assessed against the Port under Environmental Laws (as defined below), including any actual or alleged spill, leak or other release. As used in this Section 6.3:

(a) "Costs" shall include, but not be limited to: (i) all claims of third parties, including governmental agencies, for damages, response costs, or other relief; (ii) the cost, expense or loss to the Port of and injunctive relief, including preliminary or temporary injunctive relief, applicable to the Port or the Premises; (iii) all expenses of evaluation, testing, analysis relating to Hazardous Substances, including fees of attorneys, engineers, consultants, paralegals and experts; (iv) all expenses of reporting the existence of Hazardous Substances to any agency of the State of Oregon or the United States as required by applicable Environmental Laws; (v) any and all expenses or obligations, including attorneys' and paralegal fees, incurred at, before, and after any trial or appeal therefrom or any administrative proceeding or appeal therefrom whether or not taxable as costs, including, without limitation, attorneys' and paralegal fees, witness fees (expert and otherwise), deposition costs, copying and telephone charges and other expenses; and (vi) any damages, costs, liabilities and expenses which are claimed to be owed by any federal or state regulating and administering agency.

(b) "Environmental Laws" shall be interpreted in the broadest sense to include any and all federal, state, and local statutes, regulations, rules, and ordinances now or hereafter in effect, as the same may be amended from time to time, which govern Hazardous Substances (as defined below) or relating to the protection of human health, safety or the environment, including but not limited to, the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. Ch. 6901 et seq.); the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. Ch. 9601, et seq.); the Toxic Substances Control Act (15 U.S.C. Ch. 2601, et seq.); Superfund Amendment and Reauthorization Act of 1986 (SARA) (P.L. 99-499, October 17, 1986); the Solid Waste Disposal Act (42 U.S.C. Ch. 3251, et seq.); the Federal Insecticide, Fungicide and Rodenticide Act/Pesticide Act (7 U.S.C. Ch. 13 et seq.); the Safe Drinking Water Act (44 U.S.C. Ch. 300 (f) et seq.); the Clean Air Act (42 U.S.C. Ch. 7401 et seq.); the Federal Water Pollution Control Act/Clean Water Act (33 U.S.C. Ch. 1251 et seq.); the Oil Pollution Control Act of 1990 (33 U.S.C. Ch. 2761 et seq.); the Oregon Revised Statutes relating to community information on hazardous waste reduction (ORS 453.307 et seq.); toxic use reduction.

and hazardous waste reduction (ORS 465.003 et seq.); environmental cleanup of hazardous substances, hazardous wastes, and oil contamination (ORS 465.200 et seq.); notice of environmental hazards (ORS 466.360 et seq.); use of PCBs (ORS 466.505 et seq.); spill response and cleanup of hazardous materials and oil (ORS 466.605 et seq.); underground storage tanks (ORS 466.705 et seq.); penalties for noncompliance (ORS 466.880 et seq.); water pollution control (ORS 468.691 et seq.); oil spills (ORS 468.780 et seq.); asbestos abatement (ORS 468.875 et seq.); any similar or equivalent laws; and any implementing laws, regulations, rules, and ordinances.

(c) "Hazardous Substances" shall be interpreted in the broadest sense to include any substances, materials, wastes, pollutants, oils, or regulated substances, or contaminants as are defined or designated as hazardous, toxic, radioactive, dangerous, or any other similar term in or under any of the Environmental Laws, and shall specifically include asbestos and asbestos-containing materials, petroleum products, including crude oil or any fraction thereof, and urea formaldehyde, and any other substance that, because of its quantity, concentration, or physical, chemical, or infectious characteristics, may cause or threaten a present or potential hazard to human health or the environment when improperly generated, used, stored, handled, treated, discharged, disposed of, or released.

Promptly upon written notice from the Port or from any governmental entity, Lessee shall remove from the Premises (including without limitation the soil or water table thereof), at its own cost and expense, all Hazardous Substances for which Lessee is liable under the terms of this Lease or any Environmental Law, whether in existence prior to the commencement date of this Lease or thereafter, and shall restore the Premises to clean, safe, good, and serviceable condition. Any such cleanup shall be in conformance with all applicable governmental rules and regulations. Any costs incurred by or assessed against the Port shall be paid by Lessee promptly after the Port incurs the obligation to pay such amounts or determines that an assessment is duly owing and so

notifies the Lessee. As used in this Paragraph, "Premises" shall be deemed to include the soil and water table thereof.

Section 6.4 - Duty to Defend: Lessee shall, at its sole expense, defend any and all actions, suits, and proceedings relating to matters covered by the indemnity set forth in Sections 6.2 and 6.3 which may be brought against the Port or in which the Port may be impleaded, and shall satisfy, pay, and discharge any and all judgments, orders, and decrees that may be entered against the Port in any such action or proceeding.

Section 6.5 - Insurance:

6.5.1 The Lessee shall maintain an occurrence form commercial general and automobile liability insurance policy or policies including a fire legal liability endorsement for the protection of Lessee and the Port, its commissioners, directors, officers, servants, and employees, insuring the Lessee and the Port against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and occurring on or in any way related to the Premises or occasioned by reason of the operations of the Lessee on or from the Premises with insurance of not less than \$1,000,000 combined single limit.

6.5.2 Lessee shall maintain in force Workers' Compensation insurance, including coverage for Employer's Liability and, if applicable, The Longshoremen's and Harbor Workers' Compensation Act.

6.5.3 All insurance shall name the Port, its commissioners, officers, and employees as additional insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act or neglect or breach of contract by Lessee.

6.5.4 The Lessee shall furnish to the Port a certificate(s) of insurance evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance shall remain in full force during the term hereof and shall provide for not less than 30 (thirty) days written notice to the Port and the Lessee before such policies may be revised,

non renewed, or canceled. Upon request, the Lessee shall provide the Port with a copy or copies of any insurance policy provided pursuant to this Lease.

6.5.5 The Port shall have the right to review the coverage and limits of insurance required herein from time to time. In the event the Port determines that such limits should be modified, the Port will provide 30 days notice to the Lessee of such determination and the Lessee shall, if the coverage is expanded and/or limits are increased, modify its coverage to comply with the new limits and provide the Port with an updated certificate.

Section 6.6 - Waiver of Subrogation: Except as limited in this Section 6.6, the Port and the Lessee agree that each waives any right of action that it may later acquire against the other party to this Lease for loss or damage to that party's property, or to property in which the party may have an interest, to the extent that such loss is covered by any insurance policy or policies and to the extent that proceeds (which proceeds are free and clear of any interest of third parties) are received by the party claiming the loss or damage. This waiver of subrogation shall not extend to any applicable deductible under such policy or policies.

ARTICLE VII. - TERMINATION

Section 7.1 - Termination by the Port: The Port shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.2 - Termination by Lessee: The Lessee shall be entitled to terminate this Lease, or possession of the Premises under this Lease, as provided herein and as otherwise provided by law.

Section 7.3 - Duties on Termination: Upon termination of the Lease, or termination of possession for any reason, the Lessee shall deliver all keys to the Port and surrender the Premises

and Improvements in good condition. Alterations, including but not limited to electrical systems, constructed by the Lessee with permission from the Port shall not be removed, unless the terms of permission for the alteration so require, but shall be restored to the original condition.

Depreciation and wear from ordinary use for the purpose for which the Premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed to the latest practical date prior to such surrender.

Section 7.4 - Title to Improvements: Subject to the provisions of Section 7.5, upon termination of this Lease by the passage of time or for any reason, the Port shall have the option to either require removal of any or all Improvements within 90 days after the expiration of the Lease at the Lessee's expense or shall have the option to take title to any or all such structures, installations, and Improvements.

Section 7.5 - Fixtures:

7.5.1 Upon termination of this Lease for any reason, any or all fixtures placed upon the Premises during the Lease Term, or any extension thereof, other than the Lessee's trade fixtures, shall, at the Port's option, become the property of the Port. Movable furniture, decorations, floor covering (other than hard surface bonded or adhesively fixed flooring), curtains, blinds, furnishing and trade fixtures shall remain the property of the Lessee if placed on the Premises by the Lessee. At or before the termination of this Lease, Lessee, at its expense, shall remove from the Premises any or all of Lessee's property required to be removed under the terms of this Lease, and shall repair any damage to the Premises resulting from the installation or removal of such property. Any items of Lessee's property which remain on the Premises after the termination of this Lease in violation of this Section 7.5 may, at the option of the Port, be deemed abandoned. The Port shall have the option, in its sole discretion, of (a) retaining any or all of such abandoned property without any requirement to account to Lessee therefor, or (b) removing and

disposing of any or all of such abandoned property and recovering the cost thereof, plus interest from the date of expenditure at the Port's then current interest rate, from Lessee upon demand.

7.5.2 If the Port so elects, Lessee shall remove any or all fixtures which would otherwise remain the property of the Port, and shall repair any physical damage resulting from their removal.

7.5.3 The time for removal of any property or fixtures which the Lessee is required to remove from the Premises upon termination shall be as follows: (1) on or before the date the Lease terminates as provided herein; or (2) within 30 days after notice from the Port requiring such removal where the property to be removed is a fixture which the Lessee is not required to remove except after such notice by the Port, and such date would fall after the date on which the Lessee would be required to remove other property.

Section 7.6 - Environmental Audit: The Port may, at or near the expiration of this Lease by time or other termination, require the Lessee to conduct, at its cost, an environmental audit of the Premises acceptable to the Port to determine if any environmental contamination exists on the Premises. The Port shall have the right to approve the audit procedures and the company or individual conducting said audit and shall be given an original copy of the results. Lessee shall provide to the Port a supplemental update report as of the last day of the Lease Term. The Lessee shall promptly remedy any contamination revealed by such audit in accordance with the then applicable regulations prior to the expiration of the Lease Term. Lessee, upon termination of the Lease for any reason other than expiration of time, shall conduct the environmental audit as required by this Section. The Port, if necessary, will grant Lessee a Permit and Right-of-Entry for such purpose. In the event the Lessee fails to promptly remedy the contamination, the Port shall have the right to remedy such contamination and charge the Lessee all such costs. The Lessee agrees to pay to Port such costs within 30 days after receipt of invoice from the Port, such right to be in addition to any other remedy available to the Port as provided herein, at law, or by equity.

7.6.1 If the Lessee does not conduct said audit as required herein, the Port may, at its sole option, complete said audit at the Lessee's expense. Until said audit and any remedial actions as required to restore the Premises to an acceptable condition are completed, the Lessee shall not be released from any liability for such costs.

ARTICLE VIII. - DEFAULT

Section 8.1 - Events of Default: The following shall be events of default:

8.1.1 Default in Rent: Failure of the Lessee to pay any rent or other charge as provided herein within 10 days after it is due. Lessee's liability to the Port for default shall survive termination of this Lease.

8.1.2 Default in Other Covenants: Failure of the Lessee to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within thirty days after written notice by the Port specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the thirty day period, this provision shall be complied with if the Lessee begins correction of the default within the thirty day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

8.1.3 Insolvency: To the extent permitted by the United States Bankruptcy Code, insolvency of the Lessee; an assignment by the Lessee for the benefit of creditors; the filing by the Lessee of a voluntary petition in bankruptcy; an adjudication that the Lessee is bankrupt or the appointment of a receiver of the properties of the Lessee and the receiver is not discharged within thirty days; the filing of an involuntary petition of bankruptcy and failure of the Lessee to secure a dismissal of the petition within thirty days after filing; attachment of or the levying of execution on the leasehold interest and failure of the Lessee to secure discharge of the attachment or release of the levy of execution within ten days.

8.1.4 Failure to Occupy: Failure of the Lessee for 30 days or more to occupy the Premises for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease.

8.1.5 Correction of Emergency: Lessee fails to immediately commence correction and control of an emergency upon notice from the Port. As used herein, "Emergency" shall mean any activity, cause or effect under the control or direction of Lessee, its employees, agents, invitees, guests, or subcontractors involving the health, safety, or general welfare of persons or property.

Section 8.2 - Remedies on Default:

8.2.1 In the event of a default under the provisions of Section 8.1.1, 8.1.2, 8.1.3, 8.1.4, and 8.1.5 the Port at its option may terminate this Lease, or terminate possession under this Lease, and at any time may exercise any other remedies available under law or equity for such default. Any notice to terminate may be given before or within the grace period for default and may be included in a notice of failure of compliance. In addition to remedies provided herein, in the event an Emergency, as defined in Section 8.1.5, is not brought under control to the reasonable satisfaction of the Port, the Port may remedy, cure, or bring the Emergency under control without written notice and charge Lessee all costs associated with such action. No termination of this Lease pursuant to this Section 8.2 shall relieve Lessee of its liabilities and obligations under this Lease, and any damages shall survive any such termination.

8.2.2 Suit(s) or action(s) for the recovery of the rents and other amounts and damages, or for the recovery of possession may be brought by the Port, from time to time, at the Port's election, and nothing in this Lease will be deemed to require the Port to await the date on which the Lease Term expires. Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity or by statute or otherwise, including, without limitation, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Port of any such rights or remedies will not preclude

the simultaneous or later exercise by Port of any other such rights or remedies. All such rights and remedies are non-exclusive.

ARTICLE IX. - GENERAL PROVISIONS

Section 9.1 - Assignment and Sublease:

9.1.1 This Lease is personal to the Port and the Lessee. Except as provided herein, no part of the Premises nor any interest in this Lease may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conveyed or conferred on any third person by any other means, without the prior written consent of the Port. Any assignment or attempted assignment without the Port's prior written consent shall be void. This provision shall apply to all transfers by operation of law. If the Lessee is a corporation, this provision shall apply to any sale of a controlling interest in the stock of the corporation.

9.1.2 Consent in one instance shall not prevent this provision from applying to a subsequent instance.

9.1.3 In determining whether to consent to sublease, the Port may consider any factor, including the following factors: financial ability; business experience; intended use; value of sublease or assignment. The Port may require increased rental to compensate for additional value prior to consent.

Section 9.2 - Non waiver: Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision.

Section 9.3 - Attorney's Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to

costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 9.4 - Law of Oregon: This Lease shall be governed by the laws of the State of Oregon. To the extent applicable, the contract provisions required by ORS Chapter 279 to be included in public contracts are hereby incorporated by reference and shall become a part of this Lease as if fully set forth herein verbatim.

Section 9.5 - Adherence to Law: The Lessee shall adhere to all applicable Federal, State, and local laws, rules, regulations, and ordinances, including but not limited to (1) laws governing its relationship with its employees, including but not limited to laws, rules, regulations, and policies concerning Workers' Compensation, and minimum and prevailing wage requirements; (2) laws, rules, regulations and policies relative to occupational safety and health, (3) all federal, state, regional and local laws, environmental laws; and (4) all ordinances and rules adopted by Port Commission and all rules and regulations adopted by the Port's Executive Director or the Executive Director's designee.

9.5.1 Lessee shall not use or allow the use of the Premises or any part thereof for any unlawful purpose or in violation of any certificate of occupancy, any certificate of compliance, or of any other certificate, law, statute, ordinance, or regulation covering or affecting the use of the Premises or any part thereof. Lessee shall not permit any act to be done or any condition to exist on the Premises or any part thereof which may be hazardous, which may constitute a nuisance, or which may void or make voidable any policy of insurance in force with respect to the Premises.

9.5.2 The Lessee shall promptly provide to the Port copies of all notices or other communications between the Lessee and any governmental entity which relate to the Lessee's noncompliance or alleged noncompliance with any law, ordinance, regulation, condition, or other

applicable requirement lawfully imposed by any agency, governmental body, or quasi-governmental body having jurisdiction over the Lessee's use of the Premises.

9.5.3 Lessee shall obtain, and promptly advise the Port of receipt of all federal, state, or local governmental approvals or permits required by law or regulation for any activity or construction that Lessee may undertake on the Premises. Lessee shall provide the Port with copies of all such approvals and permits received by Lessee.

9.5.4 Any subleases approved by the Port as provided in this Lease shall contain a provision substantially similar to the terms of this Section 9.5 or incorporating such terms into the sublease.

Section 9.6 - Time of Essence: Time is of the essence of each and every covenant and condition of this Lease.

Section 9.7 - Warranty of Authority: The individuals executing this Agreement warrant that they have full authority to execute this Lease on behalf of the entity for whom they are acting herein.

Section 9.8 - Headings: The article and section headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provisions of this Lease.

Section 9.9 - Consent of Port:

9.9.1 Subject to the provisions of Section 9.1, whenever consent, approval or direction by the Port is required under the terms contained herein, all such consent, approval, or direction shall be received in writing from an authorized representative of the Port of Portland.

9.9.2 If Lessee requests the Port's consent or approval pursuant to any provision of the Lease and the Port fails or refuses to give such consent, Lessee shall not be entitled to any

damages as a result of such failure or refusal, whether or not unreasonable, it being intended the Lessee's sole remedy shall be an action for specific performance or injunction, and that such remedy shall be available only in those cases in which the Port has in fact acted unreasonably and has expressly agreed in writing not unreasonably to withhold its consent or may not unreasonably withhold its consent as a matter of law.

Section 9.10 - Notices: All notices required under this Lease shall be deemed to be properly delivered if delivered personally or sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, Post Office Box 3529, Portland, Oregon 97208, Attn: PSY Contracts Administrator, or delivered personally at 5555 N. Channel Ave., Bldg. 50, Portland, Oregon, 97217, Attn: PSY Contracts Administrator, and to the Lessee at Hazmat Solutions, Inc., P.O. Box 21207, Keizer, Oregon 97307. Date of delivery of such notice is date such notice is personally delivered or deposited in a post office of the United States Post Office Department, postage prepaid.

Section 9.11 - Modification: Any modification of the Lease shall be mutually agreed upon and reduced to writing and shall not be effective until signed by the parties hereto.

Section 9.12 - No Benefit to Third Parties: The Port and the Lessee are the only parties to this Lease and as such are the only parties entitled to enforce its terms. Nothing in this Lease gives or shall be construed to give or provide any benefit, direct, indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

Section 9.13 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 9.14 - Regulations: The Port, its Executive Director, or the Executive Director's designee, may, from time to time, adopt and enforce rules and regulations with respect to the use of the Premises and/or use of the PSY, which Lessee agrees to observe and obey.

Section 9.15 - Partial Invalidity: If any provision of this Lease or the application thereof to any person or circumstance is at any time or to any extent, held to be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those to which it is held invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and enforceable to the fullest extent permitted by law.

Section 9.16 - Survival: All agreements (including, but not limited to, indemnification agreements) set forth in this Lease, the full performance of which are not required prior to the expiration or earlier termination of this Lease, and all covenants which by their terms are to survive, shall survive the expiration or earlier termination of this Lease and be fully enforceable thereafter.

Section 9.17 - Entire Agreement: It is understood and agreed that this instrument contains the entire Agreement between the parties hereto. It is further understood and agreed by the Lessee that the Port and the Port's agents have made no representations or promises with respect to this Agreement or the making or entry into this Agreement, except as in this Agreement expressly set forth, and that no claim or liability or cause for termination shall be asserted by Lessee against the Port for, and the Port shall not be liable by reason of, the breach of any

representations or promises not expressly stated in this Agreement, any other oral agreement with the Port being expressly waived by the Lessee.

IN WITNESS HEREOF, the parties hereto have subscribed their names hereto the year and date first written above.

HAZMAT SOLUTIONS, INC.

By Diana L. Flanagan

Printed Name DIANA L. FLANAGAN

Title PRESIDENT

~~THE PORT OF PORTLAND~~

By John Thorne
Executive Director

APPROVED AS TO LEGAL
SUFFICIENCY:

John Thorne
Counsel for The Port of Portland